

THE LIFE OF
JOHN MAYNARD KEYNES

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THE LIFE OF JOHN MAYNARD KEYNES

BY
R. F. HARROD



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TO
F. A. K.

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PREFACE

WHEN I decided, at the suggestion of Mr. Geoffrey Keynes, to undertake the task of writing a Life of his brother, John Maynard, I was fully conscious of the serious difficulties with which I should be confronted. Maynard Keynes made contributions to the theory of economics which have had great influence, and was playing an important part in public affairs during the period immediately before his death. In regard to both these activities it may be said that the time has not yet come when we can form a final estimate; we need a longer perspective. This objection to an early Life is certainly a weighty one. There appeared to me to be considerations which outweighed it.

Keynes' contributions to the theory of economics tended to be closely related to his practical proposals, and these in turn were also influenced by his general philosophy. An understanding of the background of his thought is indispensable for a correct interpretation of his conclusions. Furthermore, I venture to think that those who come after will be interested in Keynes, not only on account of his teachings and influence, but also for what he was in himself. If I am right in supposing that he was one of the greatest Englishmen of his age, then it is expedient that an attempt should be made to bring together all the varied aspects of his character and interests into a single biography.

Once that is granted, it follows that there is some need for haste. There are relevant matters of which there is no published record. Many of those who knew Keynes well in his early days may have passed from the scene in ten or twenty years from now. If I have made mistakes of emphasis in regard to economic theory or historical events, through lack of sufficient perspective, these can be corrected by future students. My task has been to save them from mistakes, which there would later be no one to correct. I cannot conceive how a future student, however conscientious and able, who had had first-hand knowledge neither of Keynes nor of the intellectual circles which formed his environment, could fail to fall into grievous errors of interpretation. It is my

hope that at least some of these may be rendered impossible by this book.

An objection of a more trivial kind which occurred to me was the fact that I am an Oxford man. There are in Cambridge economists of high standing who were naturally in closer contact with Keynes than I. There is something to be said for the relative detachment of an Oxford observer; his attention is inevitably struck by certain features in the Cambridge scene, good or bad, which a Cambridge man would overlook because he took them for granted. In further extenuation I would add that I spent a term in Cambridge studying under Keynes, that I have maintained fairly regular contact since, and that I am conscious of owing much to Cambridge. Oxford has its own glories and precious qualities which are unique; on the purely intellectual plane I tended in my early years to feel a closer affinity with Cambridge.

One of my senior colleagues recently remarked to me that he supposed that my book would be in the nature of an encomium. Throughout my labours, I have set it steadily before me as my objective, to present all materials which would enable the reader to form a balanced judgment. In one respect I rest comfortably in the confidence that my book contains too little, not too much, praise. In a man of genius, of intense individuality, alive in every pore, there is a vital spirit which no biography can portray. If any reader is impressed by my representation, I can assure him that he would have been much more impressed by the man himself. No words can recapture the living essence.

In regard to his faults, I am not conscious of any suppression. Criticisms have been made by the malicious or ill-informed which have no foundation in fact. At various points in the pages that follow I have drawn attention to failings, and I believe that in one passage or another I have made reference to all that are well authenticated.

One cause of embarrassment has been the necessity to refer to, and even to give character sketches of, living persons. In so far as their qualities affected Keynes, they are part of his story. My observations on living people have been made without their permission; any other course would have made my task impossible. I would ask the reader to remember that when some character walks across these pages, I have only referred to qualities or actions which in some way influenced Keynes; these may have

been governed by the peculiar conditions of the incidents which brought them into contact with one another, and may have been quite uncharacteristic or unimportant in relation to the life of the individual in question considered as a whole.

I hope that I have not done damage to any reputation! Only in regard to one case have I any uneasiness. By a chapter of accidents a distinguished American came into sharp conflict with Keynes in the final phase and played a part which is bound to appear unsympathetic to the reader. It would be impertinent and beyond my competence to attempt an assessment of his career as a whole; I will only say that to the best of my knowledge he is a man of most distinguished gifts, who has served his country notably and may yet render still greater service. Despite their difference, Keynes continued to think well of him and to wish him well.

Reference to the living has also involved me in a stylistic embarrassment: I have chosen to use the past tense, on the ground that I am only concerned with the attributes of people as they were during Keynes' life and as they affected him. Their survival, however welcome, is irrelevant to my story. Thus if the reader finds the words "X was a clever man", he must not infer either that X is dead or that he has, in my judgment, ceased to be clever!

Another colleague expressed astonishment when I told him that I had written more than a third of the book and was in fact dealing with the year 1919. "I should have thought that that would have been your first chapter," he replied; "no one had heard of Keynes before 1919." In fact Keynes did work of no little importance before that year. I confess, however, that I have been at pains to dwell at some length on the formative period, for it is precisely here that materials can be provided which will be inaccessible to the future historian. Early influences remained of great importance throughout Keynes' life.

Many of those who worked with him — not his intimate personal friends — have informed me that they detected what they deemed an improvement in his character, a progress from a sharply critical and intolerant attitude to greater mellowness. No doubt there was such a development. It is perhaps natural for a man of great powers to enter upon life with ardent enthusiasm and intolerance of the follies of his contemporaries and a certain measure of arrogance, and to become in due course less self-

opinionated and more comprehending. The first set of attributes enables him to make a place for himself in the world, and the second to use it wisely. Yet the early phase may be as essential a part of the nature of the whole man as the later, and may be quite as creditable. Virtues are relative to the environment; in one's youth it may be right to be intransigent in the advocacy of one's own beliefs. I confess to retaining a certain affection for the early Keynes; I suppose that when I first knew him, he may be reckoned to have been in the later part of his early phase. His passionate espousal of good causes, his fierce and obliterating contempts, his supreme confidence in the powers of his own reasoning — I see all these as splendid attributes in the young knight-errant; I would not have wished him otherwise. If we are to understand him as a whole — and this applies to his character as well as to his economic doctrines — we must not view him at one point of time, but as evolving throughout his life, not replacing imperfection by perfection, but adapting himself to the successive functions he had to fulfil. I hope that the reader will feel that I have been justified in dwelling at some length on the earlier phases.

In expressing my debts of gratitude, which are many and weighty, it is more than usually necessary to give a warning that none of those whom I shall mention as having helped me are responsible for the interpretation or emphasis that I have given. In covering a vast field, partly undocumented, I have had to rely much upon my own judgment, not only in regard to Keynes himself, but also in regard to those whose careers affected his. I have sought out the best authorities and endeavoured to follow them; I have not at every point been able to do so. Intensive and continued study of his published work and of his vast collection of papers — he was something of a hoarder — has given me the sense that I do for the moment know more about his mind than anyone else. In the interpretation of his motives on a particular occasion, I have sought to bring to bear all my collateral knowledge, and it has sometimes happened that I have felt compelled to prefer my judgment to that of one who had more direct knowledge of the occasion in question.

First and foremost, thanks must be rendered to his mother, Mrs. Keynes, not only for her tireless efforts to assist me in my labours, but also for her lifelong zeal in preserving letters and other papers relating to her son's career. The newspaper cuttings, which

she pasted in, occupy 34 large volumes. She has allowed me to see the great mass of letters written by her son to herself and to her husband, the late Dr. J. N. Keynes. She has been through this book, first in typescript, then in galley proof, and made many corrections on small points of fact and helpful suggestions. Now in her ninetieth year, she has retained a memory of youthful freshness and a wise judgment. In those few cases where she has wished for a change of emphasis, she has always willingly left the matter to my final decision. It may be surmised that these fine qualities, which have proved so invaluable to the biographer, also played their part in encouraging and helping her son in his career, which she always followed with an intelligent interest.

Lady Keynes, Maynard's widow, has been kindness itself. She has allowed me to use her drawing-room as my workshop, she has given me access to all papers, she has helped me in a number of other material ways, and often given me good cheer on my progress by words of encouragement. It should be recorded, however, that I have not had her assistance in the actual composition of the narrative which follows; statements relating to the Russian Ballet, or to the many other matters of which she had cognisance, do not have the benefit of her confirmation.

Mr. Geoffrey Keynes (brother) has given me access to all materials and helped in every possible way, and he and Mrs. A. V. Hill (sister) have read through the galley proofs.

These have also been read by Mr. R. F. Kahn. He is a high authority on the development of Keynes' thought on economics during the crucial period. It was a great source of comfort to me to have my account subjected to his careful scrutiny, and I am grateful for a number of valuable suggestions. It must not be inferred that he would endorse my distribution of emphasis in the work as a whole.

For the sake of economy in what has been a very laborious task, I have, on occasions when I had documentary evidence or first-hand knowledge, omitted to consult certain prime authorities. In the field of pure economic doctrine another principle has also been at work. Keynes' views have for many years constituted an important part of my mental life, and I have discussed them over and over again with many experts. I accordingly judged that the best result would be achieved in a biography, which has to be very selective in its treatment of pure theory, if I put on paper my mature views without a fresh round of discussion. It is

proper therefore that I should supplement my record of direct indebtedness by mentioning certain high authorities, whom I have not used as sources in chief in writing this Life (although some of them have helped me on ancillary matters), but with whom I have had discussions in earlier years — for the development of Keynes' economic thought in the 'twenties, Professor D. H. Robertson, for the 'thirties Mrs. (Joan) Robinson, Mr. P. Sraffa, Professor E. A. G. Robinson and Professor J. E. Meade.

Next I must express my thanks to Mr. Duncan Grant and Mr. and Mrs. Clive Bell. I have spent more than one week-end in their house, gossiping about times past and reviving old memories. This was a part of my work which I enjoyed most. They have supplied valuable information and corrected my thoughts when they went astray. In this connection, however, I should mention that I have not relied primarily on these visits, or indeed upon any recent talks with Keynes' "Bloomsbury" friends, for the impressions which I have put on paper. By good luck, through certain Oxford friends, and quite independently of Keynes, I was brought into touch with a number of members of the "Bloomsbury" circle when I was a young man in the 'twenties. They made a sharp and indelible impression on my mind. This section of my book has something of the character of an autobiography, being an attempt to give form to the impressions which I received twenty-five years ago. My account is certainly a fragmentary and imperfect one, but it is first-hand. I have, however, been helped by having been allowed to read the large two-way correspondence between Keynes and Mr. Duncan Grant and Mrs. Bell.

To Mr. James Strachey I am grateful for permitting me to see and use letters which passed between his brother, Lytton Strachey, and Keynes, and for helping me in a number of ways. Keynes, Mr. James Strachey and I agreed at least on one point — our profound admiration for Lytton Strachey. Posterity will be able to judge one side of his genius from his written works. There was also another side — a certain quality, highly individual, exciting, strangely compelling, yet elusive, which was manifested in conversation with his friends. This quality, which created a great impression at the time, will probably never be conveyed to future generations — unless we have some yet unknown writer of genius among us. My own task has been limited to putting down

to the best of my ability what seemed relevant to Keynes' great friendship with him. Mr. James Strachey has helped me in many ways, but is by no means responsible for what I have said about his brother.

Next I must thank Professor Lionel Robbins, who has read through the last four chapters and been good enough to write out many pages of detailed comments upon them and to spend many hours with me discussing these matters. I owe a great deal to him. I must also thank Lord Brand and Mr. Frank Lee, who have read through these four chapters and helped me with their observations. I had the privilege of an interview with Field-Marshal the Rt. Hon. J. C. Smuts, who has subsequently read through Chapters VII and VIII and given me the benefit of his views upon them. Mr. Richard Braithwaite saw the first version of my two sections on Probability and saved me from a number of mistakes -- he may still think that my final version contains some ! Mr. John Ryan has read through Chapter X, section 2 (on the Gotton Industry).

I must express thanks to Mr. J. R. Sargent (Christ Church), who has made laborious statistical calculations for me in connection with the French estimates on damage in the First World War and with Post-War Credits.

I am grateful to the Provost and Fellows of King's College for bearing with me on frequent visits and for many other kindnesses. Perhaps I should here mention the greatest kindness of all: when I came as a stranger from Oxford in 1922, Sir John Sheppard, not yet Provost, and the other Fellows welcomed me and made me feel completely at home in my new surroundings. But for the quite unusual warmth of their hospitality, I might have failed to maintain my continuing connection with King's, and this book might never have been written.

I am grateful to the Treasury for having allowed me to inspect the official records of Lord Keynes' work in the department, and to publish certain extracts from them, and for the promptness with which it has tended to my needs. It has, however, no responsibility for, and would not necessarily endorse, the conclusions which I have drawn from the study of these papers.

I am grateful also to the Rockefeller Foundation for having provided me with a timely supply of dollars, thus enabling me to make a longer stay in the United States than would otherwise have been possible. Had it not been for this generosity I should

inevitably have been much less well equipped to write the four concluding chapters of this book.

Many others have helped me. It would make an excellent "parlour game" to place the names of those I wish to thank in their true order of merit. Some have borne with me through several interviews, some have written notes for my guidance. The quality of the testimony given would have to be balanced against its quantity. I have included the name of one with whom I only had talk for a few minutes; her evidence was so crisp and lucid that it enabled me to make up my mind about a point on which I had long been in doubt, and on which many witnesses had given conflicting testimony. It seems better to arrange the names in alphabetical order and express my heartfelt thanks to the following:

Professor F. E. Adcock, Sir John Anderson, Mrs. Bagenal, Mr. T. Balston, Mr. Cyril Beaumont, Professor Sir J. D. Beazley, Lady Violet Bonham-Carter, Mrs. Harold Bowen, Madame Bussy, Mr. Arthur Cole, Messrs. Angus and Douglas Davidson, Mr. R. H. Dundas, Mr. O. T. Falk, Mr. C. R. Fay, Mr. David Garnett, Miss Mary Glasgow, Mr. C. W. Guillebaud, Lord Halifax, Mr. W. H. Haslam, Professor R. G. Hawtrey, Professor Agnes Headlam-Morley, Sir Hubert and Lady Henderson, Mr. Norman Higgins, Sir Arthur Hobhouse, Mr. W. H. Hope-Jones, Sir Richard Hopkins, Lord Layton, Mr. S. G. Lubbock, Mr. and Mrs. Desmond MacCarthy, Sir Andrew MacFadyean, Mr. A. Mackworth-Young, the Revd. Basil Maine, the late Sir Henry Marten, Mr. Kingsley Martin, Mr. J. C. Masterman, Professor H. O. Meredith, Mr. M. Montagu-Nathan, Mr. A. N. L. Munby, Sir Otto Niemeyer, Mr. W. M. Page, Mr. Alwyn Parker, Lord Perth, Professor A. C. Pigou, Dr. J. Plesch, Professor D. H. Robertson, Professor E. A. G. Robinson, Mr. A. Rose, Mr. G. Rylands, Mr. F. C. Scott, Sir J. T. Sheppard, Mr. S. Sidney-Turner, Field-Marshal J. C. Smuts, Professor W. J. H. Sprott, Mr. R. Stone, the Misses Marjorie, Pernel and Philippa Strachey, Mr. B. W. Swithinbank, Mr. G. M. Trevelyan, Mr. R. Trouton, Sir David Waley, Mr. Dudley Ward, Professor Geoffrey Webb, Sir Charles Webster, Mr. G. Winthrop Young, Mr. Leonard Woolf. And on the American side: Professor J. W. Angell, Mr. A. Berle, jun., Mr. E. M. Bernstein, Mr. W. Chatfield-Taylor, Mr. W. L. Clayton, Mr. Frank Coe, Mr. Ben Cohen, Mr. E. G. Collado, Mr. Oscar Cox, Mr. Lauchlin Currie, Mr. Marriner Eccles, Mr. Herbert Feiss, Justice F. Frankfurter,

Mr. W. Gardner, Mr. E. A. Goldenweiser, M. Camille Gutt, Professor Alvin Hansen, Professor S. E. Harris, Mr. H. Hawkins, Mr. Quentin Keynes (nephew), Mr. R. C. Leffingwell, Mr. A. F. Luxford, Mr. A. Maffry, Professor D. McCord Wright, Mr. Henry Morgenthau, Mr. Norman Ness, Mr. R. Opie (who has to be reckoned on this side now), Mr. L. Pasvolsky, Mrs. F. D. Roosevelt, Mr. A. Sachs, Mr. W. S. Salant, Mr. Walter Stewart, Professor J. Viner, Chief Justice F. M. Vinson, Professor J. H. Williams, and Mr. J. H. Willits.

These are my living authorities. My documentation has mainly consisted of Keynes' own papers. I will forbear to mention the large mass of literature which I have consulted, with one exception, namely, the admirable books on the Russian Ballet by Mr. Cyril Beaumont.

I am grateful to Mr. Geoffrey Winthrop Young for having written out for me and allowed me to use a description of Keynes when he was a boy at Eton (Ch. i, 3), to Mr. E. A. G. Robinson for two extracts from his obituary notice of Keynes in the *Economic Journal* (Ch. iv, 1 and Ch. xi, 1), to Colonel Terence Maxwell for having allowed me to publish letters by the late Mr. Austen Chamberlain (Ch. iv, 3 and Ch. vi, 3), to Mrs. Brooksbank for having allowed me to inspect the diary of her brother, Sir Basil Blackett, and to publish certain extracts from it (Ch. vi, 1), to Sir Frederick Kenyon (for the British Academy), Sir Richard Hopkins and Sir Otto Niemeyer for having allowed me to publish extracts from the obituary notice in the *Proceedings of the British Academy* (Ch. vi, 1), to Mr. Alwyn Parker for his account of a character sketch of Keynes by the late Sir Eyre Crowe (Ch. vi, 3), to Mrs. Allyn Young for having dug out an important letter from Keynes to her late husband (Ch. viii, 1), to the Provost of King's and Mr. Hugh Durnford for the extract from the King's College brochure on Keynes (Ch. x, 3), to Mr. Walter Lippmann for allowing me to publish a letter by him (Ch. xi, 1) and to Professor Lionel Robbins for having allowed me to publish extracts from his *Journal* (Ch. xiii. 4).

I am grateful to Mr. E. M. Bernstein for having given me access to the files of the International Monetary Fund, and allowed me to spend some days working there; to Mr. Kingsley Martin for having allowed me to work for several days at a desk in the offices of the *New Statesman*; to Sir Philip Hendy for having supplied me with a list of the works purchased at the Degas sale

(1917); to Mr. Geoffrey Crowther for letting me inspect the Minute Book of the Tuesday Club; and to Mr. Ralph Partridge for the photograph of Lytton Strachey.

Mr. Dundas, Keynes' old friend of Eton days, came into service and applied his meticulous scrutiny to my galley proofs. I am grateful also to Mr. H. Dobell, who volunteered to place his exceptional gifts at my disposal at the page-proof stage. Mrs. Stephens, who was Keynes' secretary for twelve years, spent more than a year on the heroic task of getting his papers into order before I appeared on the scene. She also typed the book, kept track of the numerous successive corrections in the various copies and performed the same service at the galley-proof stage. I am grateful to my wife for her continuing encouragement and for taking the hardest share in constructing the index.

R. F. HARROD

CHRIST CHURCH, OXFORD

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CHAPTER I

HOME AND ETON

1

JOHN MAYNARD KEYNES¹ was born on 5th June 1883, at 6 Harvey Road, a solid, roomy Victorian house in a quiet Cambridge street. His parents, who survived him,² continued to live there throughout his sixty-three years. During all his active and, at times, tempestuous career in the realms of thought and practical affairs, he was able to return to this house, full of fond memories, and to his parents, whom he loved. They were loving parents; they also had qualities of intellectual eminence and personal distinction, so that, great man as he was, he did not outgrow them. His roots were deep in 6 Harvey Road, which embodied the stable values of the civilisation in which he was bred.

In 1883 his father, John Neville Keynes, was a young Cambridge don of rising reputation as a lecturer in logic and political economy and as an administrator. Life was full of pleasant activity and of the promise of good things to come. His gifted wife, Florence Ada, was destined to make her own mark in local affairs and with her pen, and had tact and sagacity which enabled her to be an unfailing support to her son. On 4th February 1885 Margaret was born, and on 25th March 1887, Geoffrey. Here was a happy, late-Victorian family, living in moderate circumstances but solid comfort, the house well staffed with domestic servants, the passing days full of activity and the future secure.

In Cambridge, the pulse of life beat strongly. The home of ancient traditions, which still flourished, it was a progressive place; its pre-eminence in the natural sciences ensured that. The social sciences also were gaining recognition. University reforms were under way. There was the problem of the relation of the University to the Colleges. The provision of lectures had been

reorganised, the curricula revised. Cambridge was throwing out tentacles over the country through her system of extension lectures and external examinations; John Neville Keynes was at this time assistant secretary to the "Syndicate for local examinations and lectures". There was the unfolding drama of the advent of women to Cambridge and their admission to lectures, examinations and other privileges. Henry Sidgwick had been the hero in that story; he was also the hero of the Keynes family. He seemed to embody many of the virtues of the great Victorian age. His resignation of his Fellowship at Trinity on grounds of religious doubt had been an important landmark in the struggle for the abolition of religious tests at the University. His combination of eminence as a philosopher, personal integrity, free thinking, and tireless attention to the small details of University reform, made him a typical Victorian of the time; and how should he not be dear to the heart of the Keyneses, since Mrs. Keynes had been one of the early pupils at Newnham, whose inception owed so much to him? Their attitude towards him was almost one of veneration. We shall see that Maynard, in his adult years, came to hold a somewhat different view — a change typical of the transition from the late Victorian outlook to that of the twentieth century.

If Cambridge combined a deep-rooted traditionalism with a lively progressiveness, so too did England. She was in the strongly upward trend of her material development; her overseas trade and investment were still expanding; the great pioneers of social reform were already making headway in educating public opinion. On the basis of her hardly won, but now solidly established, prosperity, the position of the British Empire seemed unshakable. Reforms would be within a framework of stable and unquestioned social values. There was ample elbow-room for experiment without danger that the main fabric of our economic well-being would be destroyed. It is true that only a minority enjoyed the full fruits of this well-being; but the consciences of the leaders of thought were not unmindful of the hardships of the poor. There was great confidence that, in due course, by careful management, their condition would be improved out of recognition. The stream of progress would not cease to flow. While the reformers were most earnestly bent on their purposes, they held that there were certain strict rules and conventions which must not be violated; secure and stable though the position seemed, there

was a strong sense that danger beset any changes. In the period that followed, some of the rules came to seem absurd and the fears and hesitations groundless. The life of Keynes lies athwart these two periods; in his own thoughts he passed through the transition, and, indeed, he contributed much to it. Those who live half a century later, in a period when the tempo of progress has increased but the world is full of perils, may wonder whether all the old conventions were in fact completely foolish and the hesitations groundless. Have we yet devised good new rules to replace the old rules? This is a problem on which study of the development of Keynes' thought should throw light.

Cambridge was an important constituent of England. She trained a large proportion of those destined to guide public opinion and to execute policy. There were personal links between the University and those high in public affairs; Mrs. Henry Sidgwick was herself the sister of Mr. Balfour, who became Prime Minister. Thus Cambridge, where Keynes spent his childhood, was an active, purposeful place. With her strong traditionalism, her security, her earnestness, she was an epitome of England. Reform, in the larger, as in the smaller, sphere, was to be achieved primarily and principally by the discussion of intelligent people. In all vital matters their view would prevail. Public opinion would be wisely guided. The existing stability, the need none the less for caution in advance, and the certainty that advances on a cumulative scale would be achieved, were taken for granted. They were the presuppositions of life, and the justification alike of one's work and one's leisure. Pleasures could be sipped with a clear conscience. Were not all good men day by day ensuring through their efforts that in due course those pleasures would be widely diffused and multiplied?

If I achieve my purpose, the life-work of Keynes will be seen, in part, as an expression of this Cambridge civilisation, both in its stability and self-confidence and in its progressiveness. Will that life-work in due course have to be regarded as a splendid afterglow of a civilisation fast disappearing, or may it perhaps be a link between one phase of British civilisation and the next, stretching across a period of confusion and uncertainty?

Keynes' make-up would qualify him to be such a link. His mind was keenly receptive, and the events through which he lived made sharp and immediate impressions upon it. He became aware of changes in contemporary thought and contemporary

practice as soon as they occurred. That was why, to those who had met him two or three times only, or had dipped into his writing without deep study, he presented a chameleon-like appearance. It was the chop and change of our age which they saw reflected in him, before they had had the wit to appreciate its significance themselves. But beneath this appearance of variability was a continuity of thought and purpose, which may be traced back to early influences. He continued to value those elements in our civilisation which he had been brought up to value as a boy. Just because he was so quickly aware of new forces which might serve to disrupt this civilisation, he felt how urgently needful it was for us to adapt ourselves without delay to the changes proceeding. If time were wasted, much might be lost beyond recovery. His mind was constantly seeking new methods of accommodation, new recipes.

The First World War did much to undermine the stable and secure conditions of the British Empire and the presuppositions of 6 Harvey Road. As time went on, Keynes had to rely more and more on his own resources in devising policies he could support. On the one side were those of conservative temperament who did not understand the extent to which adaptation was necessary if old values were to be preserved in the new environment. On the other side were those who had little regard for the old values. To many of the former, Keynes may have seemed a mischievous radical; many of the latter, while welcoming him for his modernity, failed, to a large extent, to understand the purport of his message, lacking his presuppositions. Not all Englishmen fell into these two categories; he had many followers, who understood fairly well what he was about; his legacy remains with us. In what follows, some attempt will be made to interpret it.

Meanwhile, across the waters, there was a civilisation in which the old self-confidence remained and was nourished by its own successes and growth of power. The American civilisation is widely different from that of Harvey Road. On the material side one may perhaps put down the combination of modest, unostentatious living with ample domestic service and domestic comforts as the basis of cultured life of the old British type. Intellectual Cambridge may have had its counterpart in the United States; but it cannot be deemed to have resembled the more usual American pattern. Keynes was not predisposed to

admire the American way of life. Later influences, strongly and typically British, coming from his circle of Bloomsbury friends, made him still less predisposed to take a kindly view of American civilisation. And yet it was destined to happen that, when he crossed the Atlantic repeatedly, amid the grim and terrible circumstances of the Second World War, to discuss affairs of the utmost gravity, he found something that he had long missed in Britain. He found there men who had retained their intellectual poise, men of strong conviction, men who had their settled pre-suppositions, which, albeit not the same as those of Harvey Road, were first cousins to them, men who believed that by rational discussion one could plan and achieve reform and carry forward the progress of mankind.

Britain had, in the interval, become somewhat scatter-brained; events had moved too quickly for her, and most of her leading men had lost their grip. The continued security and prosperity of America had sustained that purposefulness, that self-confidence and that faith that the reasonable solution can be made to prevail which were the characteristics of late Victorian England, and which, because of Maynard Keynes' terrific innate mental vigour, had, despite all the storms, remained characteristic of him. And so it happened that he came at long last to appreciate that the United States was also a great civilisation. Close co-operation was possible, almost easy.

Will these two nations continue in a joint endeavour for progress and reform on a world-wide scale? Did Keynes reach a point of view in this matter, as in so many others, in which his fellow-countrymen will follow him? Will the positive achievements of Bretton Woods endure and proliferate? Or will the heroic efforts of his last days prove vain?

When at Eton, Keynes, perhaps spurred by emulation of his distinguished compeers, devoted some time to tracing his family ancestry. There is a tree drawn out in his hand, which is headed "William de Keynes, 1066". A good beginning! One may conjure up the image of a long line of Keyneses who, behind the scenes on which puppet Plantagenets and Tudors played their parts, were in effect ruling the country all the while! At 1066 the correct spelling was Cahagnes, a place in Vire, Normandy. The modern spelling, Keynes, first occurs in 1300, and Kaynes in the reign of King John. They did not rule the country! But they were for several centuries persons of considerable substance,

and may be traced in local names, such as Horsted-Keynes and Milton-Keynes. One line had estates in Sussex which included Tilton, of which Maynard obtained a life tenancy in order to make it his country home, without previously knowing of its connection with the family.¹ The Keyneses showed their proclivity to intellectual independence by remaining Catholics in the sixteenth and seventeenth centuries, and thereby they lost much of their position.² Maynard's grandfather lived at Salisbury, first as a manufacturer and then as a nurseryman. He prospered considerably, and bred and exhibited many new varieties of flowers. He married, as his second wife, Anna Neville of the Essex family of that name, and of that marriage John Neville, born in 1853, was the only child.

John Neville was educated at Amersham Hall School and University College, London, and having obtained a scholarship in mathematics at Pembroke College, Cambridge, was "Senior Moralist" in 1875 and was awarded a Fellowship at Pembroke in 1876.³ Six years later he married Florence Brown, one of the early Newnham students. She was a daughter of a well-known Congregationalist divine, John Brown, who was the minister for thirty years of Bunyan's chapel at Bedford, the author of an authoritative life of Bunyan and of other works on the history of puritanism, and received a doctorate from the University of Yale. One of his sons, Sir Walter Langdon-Brown, became Regius Professor of Physic in Cambridge. Maynard claimed to be the first son of the marriage of a Cambridge Fellow with a member of Newnham.

Seven months after the happy event of Maynard's birth, Neville Keynes published the first edition of his book on *Formal Logic*. This underwent successive revisions until the edition of 1906. It is a notable work: thorough, lucid and authoritative, and may well attain a permanent place in the history of thought. It is an exposition of the system of deductive logic, of which Aristotle was the inventor and which for some twenty-two

¹ The same ancestor who owned property at Tilton also acquired property in the parish of Barton, of which King's was tith-owner. Maynard, as bursar, took an active interest in this church, while probably unconscious of its connection with his family.

² For a full account of the Keynes pedigree and also of Maynard's ancestors on his mother's side, see *Gathering up the Threads*, by F. A. Keynes. Publ. Heffer & Sons, 1950.

³ He was also awarded a Fellowship at University College, London, which he held for life without stipend.

centuries has constituted the main part of what teachers and scholars have understood by logic. It carried a stage further the work of the nineteenth-century masters—Mill, De Morgan, Jevons and Venn. It appeared on the eve of that great displacement which has been caused by the rapid and spectacular development of “mathematical logic”. The practitioners of this new branch claim that old deductive logic is now dead and buried.

A final verdict cannot yet be given. Maynard, who promoted or was associated with so many great changes of thought and practice in his time, was also a close and interested spectator of this more recondite but very fundamental change in our theory of the principles of human thought. The condition of logical studies has not yet reached a new equilibrium. Few now doubt that the mathematical logicians have achieved a mighty synthesis, which will not be challenged in essentials and has far-reaching implications. But the new system, imprisoned, as in a manner it is, in its own symbolism, fails to answer satisfactorily many philosophical problems about deductive thought. Neville Keynes' book has a sure place as the most complete and polished exposition of the old system. It is still commonly used as a text-book in Cambridge, and still often recommended, when teachers in the sister university overcome their insularity, for reading in Oxford. It is likely that, when the study of thought as such recovers its wind after the formidable impact of the symbolists, many of the lines of enquiry which we find in Neville Keynes' treatise will be taken up again for further development.

One of the closest friends of the family was the logician W. E. Johnson. By comparison with the graciousness and warmth of John Neville, Johnson appeared to many to be rather a dry stick. But he had his charm for those who knew him well; G. K. Chesterton was a great friend, and, when he came on one of his periodic visits, there was no lack of fun in the Johnson home. To the notice by Professor Broad in the *Proceedings of the British Academy*, Maynard contributed a description:

He used, when I was a child, regularly to lunch at Harvey Road with my father, I should think almost once a week. My father was then writing a book on logic [strictly, this should be, revising his book], which would frequently be a matter of discussion. They seemed to me in those days to sit endlessly over the meal, and I would be in a fidget to be allowed to get up and go. His voice and

manner were quite unchanged in my memory from those days, more than forty years ago, up to the end of his life.

Maynard remembered his fidgets as a little boy; but it is recalled that when he was no longer quite such a little boy he used to join in the argument between his father and Johnson. Unhappily, we do not know what precisely the arguments were about or which side Maynard took. A profound student of thought might be able, by the diligent study of the logical writings of Keynes father, Keynes son and Johnson, to elucidate this matter, and thereby perhaps to explain characteristic tendencies (even perversities!) in the economic writings of Maynard, for this precocious initiation into debate on the higher mysteries of logic would surely implant a lasting intellectual bias.

Maynard retained a great regard for Johnson. When I asked him in 1922 how much mathematics it was needful for an economist to know, he replied that Johnson, in his article in the *Economic Journal*,¹ had carried the application of mathematical analysis to economic theory about as far as it was likely to be useful to carry it.²

Meanwhile, in the years immediately following 1883 even Maynard could not be expected to know anything of logic or mathematical economics. His father kept a diary which preserves for us contemporary notes about the progress of the infant. Readers of *The General Theory of Employment, Interest and Money* may like to know that in 1888, at the age of four and a half, Maynard, on being asked what is meant by interest, said, "If I let you have a halfpenny and you kept it for a very long time, you would have to give me back that halfpenny and another too. That's interest." In April 1890 (age six) there is an entry about the future logician: "Maynard much interested in his brain. 'Just now,' he says, 'it is wondering how it thinks. It ought to know.'" In March 1891 (age seven) we find the entry, "His father having remarked that he was not behaving so well at lunch as he had done the day before when Dr. James Ward came to lunch, 'That,' he said, 'was by a great effort. I

¹ December 1913: *The Pure Theory of Utility Curves*.

² He had evidently written the matter off in his mind thus. Mathematical economists of the younger school may have felt in more recent years that he did not sufficiently appreciate the value of their original work. His dictum about Johnson's contribution was clearly not meant to have finality. It may have been a shrewd assessment of what was likely to be useful to himself in his own economic explorations within his own span of life.

had been preparing for it for days. I cannot always make so great an effort!" There is a delightfully happy feeling in the diary. His father remarks that he is a "thoroughly interesting companion".

Meanwhile, John Neville was going from strength to strength. He was an economist as well as a logician. In the year of Maynard's birth, Alfred Marshall writes, "I am delighted indeed to see that you are examiner at London" (a permanent appointment). "If I had to select the man out of all England whom I should have liked best to have there, I should have chosen you."

Marshall's regard for Keynes as an economist is further testified by a voluminous correspondence, in which Marshall consulted him, as one whose verdict would have great weight, on various points in economics, which had to be settled for his forthcoming *magnum opus*, *The Principles of Economics*. Keynes was in correspondence also with most of the leading economists of the day. There was some idea that he might become Professor of Political Economy in Oxford, and a letter from Professor Foxwell (15th January 1888) is worth quoting:

I should regret it for many reasons, though I expect it would be the best thing for Oxford. . . .

Pray don't go. It is much better that a study should be concentrated in a particular place. There arise many of the same advantages as in the localisation of an industry. Your departure would leave a nasty ragged wound in our Moral Sciences Organisation.

What is the use of being a settled family man if you are to drift from your moorings in this fashion? Think of the effect your move may have on your son. He may grow up flippantly epigrammatical and end by becoming the proprietor of a *Gutter Gazette*, or the hero of a popular party; instead of emulating his father's noble example, becoming an accurate, clear-headed Cambridge man, spending a life in the valuable and unpretentious service of his kind, dying beloved of his friends, venerated by the wise and unknown to the masses, as true merit and worth mostly are.

John Neville stayed at Cambridge. Maynard's career did not exactly correspond to Foxwell's prescription, but, for all the epigrams and even flippancies that he subsequently perpetrated, he was, at the centre of his being, "an accurate and clear-headed Cambridge man". It was the combination of the solid worth

with the epigrammatic brilliance that enabled him to render his unique service to mankind. Would Oxford indeed have caused him to cultivate his taste for epigrams over-much?

In 1890 the British Economic Association was founded, with John Neville as an original member of the Council, and in March 1891 the first issue of the *Economic Journal* appeared, under the editorship of F. Y. Edgeworth. Maynard was destined to become its editor for a period of no less than thirty-three years. It is interesting to know that his father was strongly pressed by Alfred Marshall and others to become the first editor. "I promise not to worry you any more about editorship of the *Economic Journal*. . . . Foxwell asked whether there was any use in putting pressure on you for the last time. *Everyone* would *very much* prefer you." ¹

In 1890 appeared the first edition of *The Scope and Method of Political Economy*. This, like *Formal Logic*, became and remained for many years the standard English treatise on the subject. It has not been replaced by a work of comparable scope. It has the same qualities as *Formal Logic*, accuracy of thought, lucidity of style, thorough scholarship, balanced judgment and fairness to all parties in matters of controversy. It does not claim to blaze a new trail. It is modest, and therewith has authority. The reader has the comfortable feeling that he is on solid ground, that a widely read scholar and master of precise thinking is carrying him to the limit, but not beyond the limit, of what can safely be accepted, and that no touch of egoism is biasing the author. In June 1891 he was awarded a Doctorate of Science by Cambridge University, and Maynard (aged eight) was present at the ceremony. Maynard, with his varied gifts, has captured the imagination of mankind and succeeded in influencing the course of history to a notable extent; but John Neville has also his own special claims to be remembered by future generations.

In 1890 Maynard was sent to the Perse School Kindergarten; one does not learn much at institutions of this kind, and Maynard was given his elementary instruction at home. In 1892 he began his more public life by going as a day boy to St. Faith's preparatory school, of which Mr. Goodchild was headmaster. In the same year, his father made a step forward in his career of varied interests, by being promoted to be Secretary of the Local Examinations and Lectures Syndicate. For eighteen years

¹ Letter to J. N. Keynes from Alfred Marshall, 7th February 1889.

he was the organiser of the important and rapidly developing work for which this Syndicate was responsible. In due course he became the leading administrator in the University and held the supreme position of Registry from 1910 to 1925.¹ Many tributes have been paid to his excellent work in this capacity. It may be most appropriate to quote his son, whose words, even if biased on this subject, are of interest to us. In August 1942 Dr. and Mrs. Neville Keynes celebrated the diamond anniversary of their wedding. There are some very rough notes in pencil of what Maynard proposed to say at the family gathering. After touching tributes to his mother and his father, he proceeds to say of the latter :

Let me look at him more from the outside for a moment. I saw him for a long period as he was in the University. For thirty-three years he was one of the best administrators there ever was and during those years this University was a better place in my judgment than it has ever been before or since. Perfect order and accuracy without a shadow of pedantry and red tape, the machine existing for the sake of the University and not the other way round as it sometimes seems to be now. He really helped to create a framework within which learning and science and education could live and flourish without feeling restraint or a hampering hand, and he combined this with himself possessing learning and science and education at the highest level — which no one now seems to be able to do.

While Dr. Keynes was thus busy, his wife had many practical activities of her own. She was one of the first to plan a Juvenile Labour Exchange, which was afterwards taken over by the local authority and finally absorbed in the national scheme. She was also concerned with the establishment of Papworth Village Settlement which revolutionised the lives of those suffering from chronic tuberculosis. Small pensions were given by the Charity Organisation Society, of which she was the local secretary for many years, to old people living in great penury. She had much to do with helping families back on to their feet when they had been thrown into the workhouse on account of the bread-winner's unemployment, the help being especially needed because he was not allowed out of the workhouse unless he took his family with him, and some arrangements for this had to be made in advance.

¹ In 1892 he was elected to the Council of the Senate. In 1893 he became its honorary secretary, a position which seems at that time to have been more influential than that of the Registry. When Keynes became Registry in 1910 the two offices were combined.

All these reforms proceeded slowly and with great difficulty owing to the parsimony of the government in providing funds for the social services.

Mrs. Keynes was in fact a great pioneer. It may well be that her practical humanity made a deeper impression on Maynard's young mind than the abstract doctrines of the social philosophers, who were sometimes a little remote from the sordid realities. In her activities Maynard could see the reforming spirit of Cambridge taking effect and bringing solace to afflicted persons.

Whilst the Keyneses were thus much occupied on active work in their several spheres, their main interest remained centred upon their own home. They had no great love of social entanglements, reserving their leisure hours for their best friends, and, above all, for their children. Reading aloud was a favourite entertainment, the father reading Dickens to the family, or Maynard poetry to his sister; there were trips to London to see plays, carefully chosen to suit the awakening powers of the boy; Dr. Keynes had a special love for the theatre, a trait inherited by Maynard.

There were no signs of the infant prodigy in Maynard's early years at Mr. Goodchild's. There were fairly good reports, and reports not so good, which contained complaints of carelessness. There were indeed references at the age of eight to his being quick at arithmetic and algebra and to his large vocabulary. But on the whole, progress appears to have been slow. There was more than the usual allowance of colds, coughs, temperatures and headaches. The diary has a reference to the school driving him too hard, to his being away from school for a large part of one term in 1893, and to his taking a whole term away from school in the autumn of that year. There seems to have been some frailty of constitution, which continued to give rise to anxiety until the age of fifteen, and less frequently thereafter. He was not robust. Up to a point he was careful in this matter; throughout his life he did much of his work while lying in bed in the morning. But his tireless mind and fiery spirit took charge, dominated his body, made it sustain labours that would soon have broken a much stronger man — and in the end he overtaxed it.

He does not appear to have made many friends at Mr. Goodchild's. None the less he seems to have had the power to exert influence in a characteristic way. We hear of a "slave" who walked behind him, at a respectful distance, carrying his books

Maynard was due to go to Eton on 22nd September, but on 19th September he had a feverish attack and had to go to school three days late.

Mrs. Keynes to Dr. J. N. Keynes, 26th September 1897

I very much wish you were here so that I could tell you our experiences yesterday. . . . I am sure you will be glad to hear first of all that the dear boy seemed very much better and when I left him said that he felt hardly more tired than he would have done under ordinary circumstances. . . . By the way, Miss Hackett says she believes Maynard is bigger than his fag-master (Macnaghten) ! 'This is a relief to mother [his grandmother] who seems to be under the impression that fags are beaten and generally ill-treated by their masters. . . .

Maynard played up by writing one letter to his father and another to his mother on that same first day, giving an hourly narrative of events. Admission to college is described as " something like having your degree ".

The letters to his father continued as a matter of weekly routine. At first they were a little thin, suggesting an attempt, not always successful, to cover four pages of writing-paper. But in his second year at school the letters thickened and became much more interesting and lively, bristling with news and views. A paradox. The trend with schoolboys is usually the other way. With adolescence and the crowding in of new interests, thoughts, friendships and intellectual adventures, there is apt to be a falling-off in the zeal for writing home. For this week's letter there is no time ; the next week's is a little perfunctory ; one must write to one's parents, but the duty is found a trifle burdensome. If Maynard moved in the opposite direction, that is certainly a tribute to his father's sympathy and fond interest in every detail of school life. It is also symptomatic of certain qualities in Maynard. For one thing, there was that extraordinary intellectual capaciousness. If a thousand other interests were pressing in, there was still ample room for a full and growing communication of thoughts with his father. So it was all through his life ; the new interest did not drive out the old ; both could be accommodated together. It was also, perhaps, a symptom of the strength and magisterial quality of Maynard's mind. His ideas were so well founded and strong in good sense, that he was not bashful, as

schoolboys so often are, of showing them to his parents. He had enough self-confidence to believe they would be interesting. And so the full flow of correspondence continued and grew.

Every detail of school affairs was discussed: what work was being done — sometimes mathematical problems, were transcribed in full — what games were played, what school events were taking place, how the other boys were progressing, the pros and cons of changes in curricula. The father got to know about Maynard's contemporaries so well that he could give a comprehensive forecast of their order in the Newcastle Prize examination.

The letters show extremely clearly how absorbingly interested Maynard was in the work, the games and the whole life of the school. It became his passion. It may certainly be claimed that Eton greatly helped his development. He found there associates who were congenial to him, youths of intellectual distinction with whom he could quickly get on to terms of intimacy on the basis of common interests. They had self-confidence, enquiring minds and a gay and carefree outlook. His own great fund of gaiety, of fun and satire, found scope. It is not clear that there are many schools in the world where one can find a wide choice of companions of this quality; it is clear that he needed this society and that in his school-days his imagination was already stimulated and taking wing.

2

His mother had taken him there and left him, rather anxious about his health and strength, knowing his charming, kindly character and his excellent, clever companionship in the home, pleased at the rapid progress which he had finally made in the preparatory school, but with some doubts, surely, as to how he would stand up to the exacting tests of a larger world. We have seen how rapidly he had been growing physically in the previous year — “taller” on arrival “than his fag-master”! It turned out that this gave him a good start. Mr. Hope-Jones, who was in his election as a scholar and afterwards became a master at Eton for many years, recalls the impression made by his tall stature on his contemporaries. He was a little their senior, not in years, but in months, which are important at that time of life. His voice had already broken. He seemed quite a young man in their midst. They at once looked to him for leadership. If a group was summoned for a misdemeanour by the authorities, it

was assumed, without pause or question, that he would be their spokesman. This young boy, so carefully cherished in the home, careful of his own comforts also, fastidious, ailing, the product of a day-school only, suddenly became by accidents of premature growth and a broken voice, the spokesman of his group at Eton. And what a spokesman! His friends could not at first have known what manner of man was among them! For o' all the divine gifts none was lavished upon him so unstintingly, in no sphere has his talent been so peerless and undisputed, as spokesmanship. He became a natural leader at once. From St. Faith's to Eton, the transition was easily made. His career now began in earnest.

J. M. Keynes to Dr. J. N. Keynes, 3rd October 1897

. . . I like Mr. Lubbock very much. . . . He is going to read some Homer with me as private work. . . . My lag-master is very nice to me, and if he has anything extra for me to do always asks me if I am sure I have nothing else I want to do. He does not want me to call him in the morning as most do.

J. M. Keynes to Mrs. Keynes, 11th October 1897

To my great surprise I have come out top of the division in the fortnightly order. . . . My cold is very much better.

There are a good many reassurances about health in these early letters.

J. M. Keynes to Dr. J. N. Keynes, 17th October 1897

. . . On my 1st prose I had (I think) "Style good but too many mistakes". And on the verse "Better but too many blunders". Do not laugh and say "careless as usual".

Still the child in this letter!

Ibid.

Last night we had chamber singing which was a glorious rag lasting an hour and a half. All fags are required to sing, but not many of the older ones are present, and after the fags have finished, several are called upon and the night is made hideous with the row.

I will leave you to guess what I sang, but it was the success of the evening (as far as the fags go) and was the only one to be encored later in the evening.

This notable song, which became a standard item, was entitled "Three Blue Bottles".

J. M. Keynes to Dr. J. N. Keynes, 6th December 1897

Last night College Pop Supper took place and I and three other fags were deputed to wait. They had a glorious feed, turkey, champagne, etc. When they got to the dessert stage, we fags retired to Lower Tea Room and made a supper off the remains and a bottle of champagne. As one of the fags did not take any, the other three had to do their duty and finish it.

When we had finished, we went in again and songs etc. proceeded for about an hour. I was called on to sing "T.B.B.". Afterwards we handed coffee round. In fact we had a very fine time.

J. M. Keynes to Dr. J. N. Keynes, 12th December 1897

I was not the fag who abstained from champagne. . . .

Maynard was not corrupted by this early initiation; throughout his life he was always abstemious in such matters. But in his last two or three years he was in the habit of saying on festive occasions that the only thing he seriously regretted about the way in which he had managed his life was that he had not drunk more champagne! Was he recalling these early celebrations of his school-days? Probably not, as he lived essentially in the moment. Perhaps there was some semi-conscious reminiscence. The past lives on and colours the present. Who is that interesting looking man, with a glass of champagne in his hand, talking so animatedly at the wedding party? Is it a great statesman, upon whose wisdom the financial solvency of Britain herself depends, as by a thread, a man gravely ill, although so talkative and gay, a man barely kept alive by medical skill and the tireless devotion of his wife? Or is it a young man, tall beyond his years, his voice only recently broken, partaking in the festivities of College Pop?

At the end of his first "half"¹ he came out first for classics. He had been pushed up three divisions at the end of the first fortnight in mathematics, but none the less came out second. He

¹ A "half" is a term. Three halves make one year at Eton.

had evidently got into his stride. His curve of development, which had risen so sharply in his last year or two at St. Faith's, was proceeding upwards and carrying him well beyond the level of the previous July, when he had only been elected tenth to Eton. In this first term, a copy of his verses was "sent up for good". By this Eton custom, good compositions and mathematical solutions were transcribed, bound up and deposited in the College Library. Numerous classical compositions and mathematical sums in Maynard's hand may be inspected there. Some may regret that the practice of preserving these fair copies has been discontinued.

At the end of this term he was selected at the head of the list to Chamber Pop, a debating society for those in Chamber, *i.e.* who have not yet acquired rooms of their own. Excellent reports came in. Lubbock noted that he had "a real healthy interest in all the doings of College, athletic and otherwise".

Next term was interrupted by measles and absence. Despite this, progress appears to have been made. In the following term he was captain of Chamber and won the Junior Mathematical Prize. "Maynard will be returning to you with his honours thick upon him. . . . I have been delighted to see that he takes no half-hearted interest in his own games and those of the school."¹ Characteristic touches began to appear in Maynard's letters.

J. M. Keynes to Dr. J. N. Keynes, 11th October 1898

Tuck preached in Lower Chapel about bicycling, comparing it to life. He compared the telegraph posts to guardian angels. I wish I could have been there. He promised one on football next Sunday.

J. M. Keynes to Dr. J. N. Keynes, 5th February 1899

The Reverend the Provost preached to-day. He really ought not to be allowed to. . . .

J. M. Keynes to Dr. J. N. Keynes, 30th April 1899

I had a short conversation with Professor Darwin² at the end of the journey. His hands certainly looked as if he might be descended from an ape.

¹ Mr. S. G. Lubbock to Dr. J. N. Keynes, 28th July 1898.

² Sir George Darwin.

This is the first recorded reference to hands. Observation of hands remained a lifelong interest; he thought that they were the best guide to character. At one time he had casts made of his own and his wife's hands, and even talked of making a collection of his friends'.

Extract from the "Economic Consequences of the Peace". Description of President Wilson

and his hands, though capable and fairly strong, were wanting in sensitiveness and finesse.¹

Extract from a description of President Roosevelt on his first meeting him in 1934

. . . But at first, of course, I did not look closely at these things. For naturally my concentrated attention was on his hands. Rather disappointing. Firm and fairly strong, but not clever or with finesse, shortish round nails like those at the end of a business-man's fingers. I cannot draw them right, yet while not distinguished (to my eye) they are not of a common type. All the same, they were oddly familiar. Where had I seen them before? I spent ten minutes at least searching my memory as for a forgotten name, hardly knowing what I was saying about silver and balanced budgets and public works. At last it came to me. Sir Edward Grey. A more solid and Americanised Sir Edward Grey. The idea will probably mislead you, but there is a grain of significant truth in it. Much cleverer, much more fertile, sensitive, and permeable, but something all the same, which corresponded to those finger nails and carried me back to Sir Edward Grey.

Let it not be thought that the boyish joke about Professor Darwin implied any predisposition to be hostile to the theory of natural selection!

J. M. Keynes to B. W. Swithinbank, 13th May 1908

. . . Really the most substantial joys I get are from the perception of logical arguments, and, oh, from reading Darwin's life. How superb it is. Surely he was the greatest and best and happiest of men.

¹ Monsieur Etienne de Mantoux in *The Carthaginian Peace*, a severe criticism of Keynes' *Economic Consequences of the Peace*, took him to task for regarding the shape of the President's hands as relevant. "Why not also reveal to the world that Wilson wore pince-nez and that Lloyd-George had a grey moustache?"

In the next half we learn that Maynard was awarded full marks for an essay on the "Responsibilities of Empire". Some responsibilities were to fall on him later! It is satisfactory to know that his opinions were considered quite perfect by Eton in 1899. His marks in the examination this half were considered remarkable — 1156 out of 1400 — and Mr. Lubbock adds, "in his work there is absolutely nothing of the mercenary, mark-getting feeling. . . . He takes a real interest in anything which it is worth while to be interested in."

His interest in the athletic side of things remained keen. "I have been out on the river every day this week. I enjoyed rowing immensely and wonder now why anyone ever remains a drybob."¹ "I have never watched such an exciting match" (cricket match against Winchester) "and at the end of it was a mental and physical wreck."²

This term he was at the head of the select list in the Senior Mathematical Prize. 5th August, Mr. Lubbock wrote:

" . . . He is never unduly elated by the mere getting of a prize and seems to realise fully that handsomely bound volumes are not the most important result of learning. Moreover the manner in which his work is done and the attitude he takes towards his various masters are as nice and good as they can be and it says much for him that some very illiterate members of my pupil-room with whom he comes into contact, like and respect him a good deal.

This summer the family holiday was at Tintagel.

Extract from Dr. J. N. Keynes' Diary, 6th August 1899

Our pleasure in our children has, I think, never been greater than it is now, and during the summer holiday, we have them so entirely with us. We are certainly a very happy quintet.

In the next half, the first of his third year — he was now already sixteen — he was up to Broadbent, a famous and rather formidable Eton master, distinguished scholar, occasional correspondent with Wilamowitz-Moellendorff himself. Maynard had a word of praise for him. He also began at this time to go for history to C. H. K. Marten, beloved of many generations, who eventually became Provost of Eton. This half we find him playing in the famous Eton College Wall game.

¹ Letter from J. M. Keynes to Dr. J. N. Keynes, 7th May 1899.

² *Ibid.* 25th June 1899.

And now, while things proceeded thus placidly at Eton, Britain was involved in the Boer War. It is not clear to what extent deeper questions of right and wrong, such as harassed the mind in 1914, were pondered by the schoolboy. He took a common-sense view about his own position; he showed signs of that healthy optimism which was to serve him in good stead at more momentous crises; we see signs of the statistician peeping out.

J. M. Keynes to Dr. J. N. Keynes, 22nd October 1899

. . . I am no more jingo than I was previously, but now that war has begun one must perforce be reconciled to it. Besides, when writing for such journals as the *Acorn*,¹ it is necessary to be a little rampant to keep up its circulation.

J. M. Keynes to Dr. J. N. Keynes, 17th December 1899

I agree with you that the news from South Africa is 'bad, especially this last reverse of Buller. But we console ourselves with history which makes our losses and reverses seem puny. In the battle of Albuera, nearly one hundred years ago in the Peninsular war, our losses were seven times as heavy per cent as at the Modder River, yet we won. People are so terribly eager to get up a scare that they make the failure of ours to make the Boers to evacuate a position as bad as if we ourselves had evacuated a position. It is rather deceptive too, including in the term losses, wounded and missing as well as killed.

It is hard luck on generals that news should be transmitted so quickly. The people do not see the result of the campaign but seem to gloat over every little loss. 70 men killed in a battle is terrible for their families, but it is a tiny loss for a nation of 30 million.

J. M. Keynes to Dr. J. N. Keynes, 29th January 1900

This morning the Head gave us a stirring oration on the volunteer movement. He declared it to be in the present circumstances the duty of all to get what military training they could, and he said that he expected all boys of the right age to join our corps.

For once in a way his words have had effect and people are

¹ A domestic production, compiled by the Keynes children.

joining and being coerced into joining in throngs, including all sixth form and the greater part of College.

Am I to join?

I am not keen and the drills will be a nuisance, but I am perfectly willing to do so if I ought. It would be unpleasant to be almost the only non-shooter. . . .

Extract from Dr. Keynes' Diary, 31st January 1900

We pronounce no veto. He may do as he likes.

J. M. Keynes to Dr. J. N. Keynes, 4th February 1900

. . . About the volunteers -- I have not joined.

Taking into regard my feelings and the terms of your letter, I consulted people and they agreed that I should be justified in not joining.

I wavered a little and hey presto, it was done - or rather it was not done.

I think that without your letter which amounted to a refusal I think I should have been compelled to be engulfed in this marvellous martial ardour that has seized the school.

Some say that patriotism requires one to join the useless Eton shooters, but it seems to me to be the sort of patriotism that requires one to wave the Union Jack.

Ten more beaks have joined than were members before, including my beloved tutor

There are well over 100 recruits.

J. M. Keynes to Dr. J. N. Keynes, 11th February 1900

. . . As a matter of fact less than half our election have joined the shooters, but most of the people that I see much of have.

You can resign whenever you like, but the preliminary drills are a dreadful nuisance. You have to go directly after early school and get no proper breakfast and O so cold! We all agree that it is easier to die for your country than to go without your breakfast for it. There are about 130 recruits.

It may be conjectured that his anxious parents were unwilling for him to put this extra strain upon his physique.

At this age he was already showing independent literary judgment.

J. M. Keynes to Dr. J. N. Keynes, 25th February 1900

. . . I have finished *Red Pottage*.¹

It is quite readable and improves after about half way, but it is not more than readable, and, to my mind, quite unworthy of the extravagant praise which has been lavished upon it.

It has, as you said of Isabel Carnaby, the stamp of the "lady writer" upon it. Many of the incidents are grossly impossible and the characters are inclined to be overdrawn. The whole book has an aroma of unreality about it, and it is rather the work of an amateur. Of course the heroine writes novels; that was inevitable from the beginning.

J. M. Keynes to Dr. J. N. Keynes, 18th March 1900

Broader has developed into a most consummate wag. He is quite the funniest man I have ever been up to, but at the same time the most supremely rude. I think that this arises from his candour. He does not mind telling a chap before the division if he considers him to have ability and at the same time he does not mind pointing out another chap as a muddle-headed imbecile.

Did he learn something from Broader?

J. M. Keynes to Dr. J. N. Keynes, 25th February 1900

. . . I was reading the other day the first volume of the proceedings of College Pop. The Revd. C. K. Parr was master in College at the time of its foundation and he seems to have done a good deal to help it. He very frequently took part in the divisions. 1854 or 1855 was the date I think. Oscar Browning and the two Austen Leighs, one of whom would I suppose be the present Provost of King's, were among the original members.

A very large percentage of the questions they discussed were historical. "Was the execution of Marshal Ney justifiable?" "Is the character of Cromwell to be admired?" etc. etc. I am afraid that they are not so deadly serious now-a-days. I think that this was an epoch when the Eton boy was in danger of taking himself too seriously. There were no athletics to speak of and he would perambulate the country and enlarge on the beauties of nature. They upheld the slave system in America and condemned the ballot by a large majority.

As far as I remember O.B. was anti-slavery, but the Provost (at

¹ By Mary Cholmondeley. Mr. Percy Lubbock thought her worthy of a Memoir.

least either he or his brother) thought that the lot of the slave was better as it was.

They condemned the system of corporal punishment at Eton which seems to me extraordinary for this time.

Extract from Dr. J. N. Keynes' Diary, 26th April 1900

Maynard played golf with Sidgwick at Rovston. He enjoyed Sidgwick's talk as much as his golf.

This was a few months before the tragic death of the philosopher.

The reports of Lubbock and others proceeded in a crescendo of praise, but there was one exception. In the summer half, Maynard was up to Mr. X, a respected master and very famous cricketer, nearing the end of his time.

J. M. Keynes to Dr. J. N. Keynes, 6th May 1900

* As I said before, we are all up to X. I could hardly have imagined that a man could be so dull; anyhow I shall not suffer from want of sleep this half. . . .

Report by Mr. X, July 1900

. . . Rather a provoking boy in school. Reads notes when he should be attending to the lesson. Apt to talk to his neighbour unless severely repressed. He gives one the idea of regarding himself as a privileged boy with perhaps a little intellectual conceit.

Neither the other masters nor his Eton contemporaries endorsed this view. On the contrary he seems to have taken his successes with perfect grace. But Mr. X's report expresses a view that has often been held subsequently.¹

J. M. Keynes to Dr. J. N. Keynes, 20th May 1900

There was only one sane person in Eton yesterday morning and he was a pro-Boer. We did not get the news the evening before and Bob announced it to everyone as they were called. Instead of the customary "Are you properly awake, sir?" it was "Mafeking relieved, sir." And I think this latter proved to be the more

¹ Mr. X broke down completely during the next half and had to give up his work at Eton.

efficacious in waking people up. After early school it soon became apparent that Masfeking was going to be responsible for a good many things. Feelings were first of all let off at Mr. Broadbent's House, and it was found that windows and exuberance of heart were quite incompatible. When there were no more left to break, the Eton Society (there is nothing like Pop for keeping order on these occasions) drove off the mob.

Then successive waves of ideas passed over the school, affecting the lower boys most seriously. At 8.30 everyone was returning with Union Jack pocket handkerchiefs, at 8.45 with large flags of all descriptions, at 8.50 they were nailing scarlet bed coverlets on to goal posts and hoisting them out of the window, at 9.0 everyone was possessed of a trumpet or a horn or some diabolical wind instrument, by 9.15 people were becoming original and Japanese umbrellas and laurel wreaths were the order of the day.

Everything was just about six times its value and finally it cost a shilling even to hire a sixpenny flag. A fortune must have been spent.

In chapel we sang the National Anthem and as we were going into school a whole holiday was announced. This was fortunate for hardly a boy in the school had learnt his lesson.

Young and I, though we did not spend vast sums, got the best flag in College. We ambulated to Windsor and purchased three yards of art muslin at a draper's, a yard of each of the colours, red, white and blue, at 4½d. a yard. We gave the man 1/3 and as there seemed no immediate prospect of his discovering what 3 times 4½d. meant, we hurried from the shop for 11.30 absence.

Instead of absence, the Head gave us an oration from the top of chapel steps. I never heard such a voice. Without seemingly exerting himself he made the whole of the school yard resound.

It was the usual stuff. Ought to show our thankfulness; remember dignity of school; if anything done must be of best; as always before. And the outcome of it all was that we had been asked to take part in a huge torchlight procession that had been organised in Windsor: that torches had just been sent for, but that these would probably be not more than enough for the volunteers. Young and I got Moss to sew our art muslin together. We nailed it on to a goal post and launched it from the top tower window. It was a symphony nine feet long.

At 8.30 we paraded in school yard for three quarters of an hour. We formed fours and manoeuvred and waited until the rest of the procession was ready for us.

Then out we filed, making with the rest a procession that must have been a good mile long, some people say more.

Our course was through Eton and Windsor to the Long Walk and up that glorious approach to the castle opposite the Long Walk.

At one point the crowd was tremendous and was quite as much as the police could manage. (London could not spare many special ones to come down.)

You have heard me before on the Windsor crowd, but last night it surpassed itself. The men were reeling drunk and the women offensive and gross beyond words.

It was a good thing that it was Mafeking and not the Royal Borough of Windsor that was besieged.

Dundas went on leave to London and told us of the state of things there. It is evident that the whole nation has gone in for what we call at Eton an organised rag. The papers call it a "servent thanksgiving from the heart".

I do not think that we are quite such hypocrites here. Most of us know that Mafeking is a glorious pretext for a whole holiday and for throwing off all discipline. We do not break windows because we are mad with joy, but because we think that under the circumstances we can do so with impunity.

But to return to the procession. We marched up into St. George's quad and it was there a really fine sight. The whole procession came up into it and the huge square was packed and seemed to be sown with torches.

We manœuvred a little and then swung past underneath the Queen, who was seated in the same window as on the occasion of the birthday celebrations. In darkness one could not see more than her outline. Our shooters really marched past extremely well and then we sang the first verse of God Save the Queen. We returned the same way as we had come and found the crowd much as ever: perhaps a little hoarser and rather more drunk.

The town of Windsor is the fungus on the Royal Oak.

We got back to school yard at 11.0 and not to be done out of "knavish tricks" and "confound their politics" we tried with the remains of voice still left to us to sing all three verses. As for the procession itself, I necessarily saw very little of it, but amongst a judicious blend of fire brigades and Church Lads' ditto, I saw an impossible vehicle which called itself an ambulance, and the inevitable "decorated" motors and cycles.

Decorating a cycle consists in hanging two chinese lanterns over the handlebars and swathing the wheels in paper until they will only just go round.

... On Friday I saw the Queen better than I have ever seen her before. She drove past just as we were going into school and though it was quite cold, she was very little wrapped up. She is very like

her photographs, but, doubtless owing to the coldness of the day, her nose was unfortunately red.

. . . The squash racquet courts . . . have been open this week. . . .

I find it an extremely good game and, though, I am still putridly bad I played on Wednesday, Thursday, Friday and Saturday last week. [In the previous term he had been in the finals of College Fives.]

I have enjoyed *Richard Feverel* immensely. It is my first Meredith and I find it quite different from anything I have ever read. When I am reading it I get absorbed in a way that is not very usual with me. Is Meredith one of those dreadful people who think that a happy ending is inartistic?

X is as usual. We have not yet succeeded in probing the depths of his ignorance. It must, I think, be bottomless.

. . . For Sunday private my tutor read us Macaulay's description of the siege of Londonderry. The political consequences of its fall would have been much the same as those that would have followed the fall of Ladysmith. The siege only lasted about half as long as the siege of Mafeking, but the extremities to which they were reduced were terrible.

I expect that we shall find that Mafeking has been very much worse than we have heard. . . .

J. M. Keynes to Dr. J. N. Keynes, 27th May 1900

I went to Queen's Eyot Club for the first time on Thursday and again yesterday. It is most excellent and I have come to think now, not a bit too far. We got our tea there, eggs, bread and butter and marmalade for a very small price, and there are innumerable other varieties of refreshment. They will eventually make it quite a palatial and a large permanent building, bathing and every kind of convenience. It is a great thing to have an objective in one's rowing, and the appetite you, of course, acquire on the way. . . . I forgot to mention one incident of Mafeking Day in my last letter. The College subscribed to send a telegram of congratulation to B-P, and it was couched in the following terms:—*Togati Etonienses Obsessis Gratulantur*. Later in the day an official document was received saying that no cypher was allowed. . . . This week I have read de Quincey's *Confessions*. I have enjoyed them so much that I think I shall read another volume of his works.

J. M. Keynes to Dr. J. N. Keynes, 24th June 1900

. . . I began the *Ring and the Book* to-day and have read about half the first volume. It goes without saying that I like it immensely. . . .

J. M. Keynes to Dr. J. N. Keynes, 1st July 1900

. . . I have finished the second volume of *The Ring and the Book*. It is a grand poem.

Maynard's love of good literature was sustained through life. During the last hectic years of his great American negotiations, he read himself to sleep on Elizabethan authors. He was fond of poetry and of reading it aloud, which he did with feeling. I remember coming into his rooms in the autumn of 1922, to find that he was reading aloud *The Waste Land* by T. S. Eliot, a poet of whom I had so far not heard. His reading was intelligent and moving, and served to win one's admiration for this strange new form of expression.

Maynard's mind jumped very quickly from thing to thing; the emotion of a moment before could be banished completely. There was some special quality in his constitution which allowed him to terminate one phase of feeling abruptly and redirect his mind to something else. This quality may be a key to his success in life. He had a heart, without which it is impossible to be a great man. But by reverting to an intellectual interest he could always terminate his heartache quickly.

And so we need not think that the schoolboy's pleasure in poetry was any less genuine because, all at once, the future statistician comes to the fore. The letter proceeds to give us some interesting information.

Ibid.

. . . I made some investigations the other day about the comparative lengths of some long poems. This was among the longest, but I was surprised at the results on the whole.

The longest is W. Morris's *Earthly Paradise*, which comes approximately to 40,000 lines.

Then Spenser's *Faery Queen* (35,632), then in order, *The Ring and the Book* (21,116), *Canterbury Tales* (17,386), *The Iliad* (15,692), Dante's *Divine Comedy* (including Paradise, Purgatory, and the Inferno) (14,408), *Hudibras* (11,445), *Paradise Lost* (10,665) and the

the *Aeneid* (9,896). I did not look at the *Odyssey*. I should put it down at eleven or twelve thousand.

This term he won the Senior Mathematical Prize.

We have seen that from the beginning he established good relations with his contemporaries. He gained universal respect, and also affection. Men of genius or of great brains or in other ways out of the ordinary are often ragged at their public school — even at Eton! There was not the slightest hint of anything of this sort in Maynard's case.

Although his eminence was recognised, his exceptional maturity must have made him seem a little unusual to the schoolboys; and so at the end of his third year, he did not come out first in the esteem of those immediately above him.

J. M. Keynes to Dr. J. N. Keynes, 29th July 1900

. . . the elections to College Pop took place last night and the only person in our election to get in was Dundas. I regarded him as almost certain all the time.

There are two vacancies left to be filled up next half.

Robert Hamilton (Robin) Dundas was one of his greatest school friends. His Eton friendships were fervent and wholehearted. Within his own election there was a group of boys who were usually in the same form and had many interests in common. Their names occur over and over again in the letters.

Robin Dundas was a curious blend of Scottish puritanism and modern emancipation. He was often daring in talk, but one was conscious of a background of strict principle. His style of speaking and writing was lapidary and terse in the highest degree. He could single out one epithet, telling and often funny, which admirably summarised the complex character of a friend. He corresponded largely by post-card, partly out of an ingrained habit of Scottish carefulness, but also because he could say things on a post-card for which others would require four pages. Since he has published very little, it may be permitted to place on record one instance of the literary power of this remarkable friend of Maynard's school-days. He had to announce in an after-dinner speech the death of two Christ Church men by an accident, and then two suicides.

Extract from Speech at Censors' Dinner; Christ Church, December 1922

Those two were cut off by an accident of the body; and then there were another two who perished by an accident of the mind. The young of this generation are apt to expect much of life, and to be impatient if what she has to offer falls short of their hopes; these carried their impatience into action.

Dundas believed in blunt speaking; indeed it is rather amusing to think of these two great past-masters in the art of rudeness as cronies together at school. Were they armed against each other's shafts? They had very different styles of rudeness. There was something freezing and terrible about Maynard's; it was employed selectively against victims deserving punishment; and it punished. It was not usually meant to be unforgivable, but was often not forgiven.

Dundas's rudenesses were more frequent, and sometimes served, curiously enough, as a bridge to friendship. A new acquaintance, finding himself suddenly buffeted by apparent insults, would encounter the regard of kindly grey-blue eyes in a finely chiselled Roman face. They seemed to be well-intentioned and to plead: "I am only telling you the truth; after all, that is the best mode of intercourse; why beat about the bush?" His manifest friendliness would lead to quick forgiveness; but to have forgiven a man is already to be in an emotional relationship with him, much more intimate than can usually be achieved by the normal small talk of first meetings.

These two did not maintain close contacts in later life. Dundas went to Oxford, as a Scholar of New College, and has spent his life as a tutor in Greek History at Christ Church. He has been for many years a pillar of that college, succeeding by his industry and shrewd insight in getting to know far more of the characters and problems of undergraduates, whether his pupils or not, than most dons can achieve.

Best friend of all was Bernard Swithinbank. Tall and handsome, he had finely moulded features, well covered in youth, later revealed in their full dignity as he grew leaner. He was an elegant, even exquisite, schoolboy; not voluble in talk and of quiet habit of mind, he chose his words with precision and enunciated them caressingly, so that what he said about books or life seemed to have a quality of mellow and easy judgment. He had independence of mind and character, taking nothing on trust.

His unassuming and gentle self-confidence diffused an atmosphere in which the schoolboys felt themselves already arbiters of taste. To Maynard's boyish enthusiasm he seemed a veritable king of men.

Throughout his life the claims of friendship came first with Maynard. When Swithinbank went to Balliol College, Oxford, Maynard made tremendous attempts, by letter and interchange of visits, to keep alive their communion of soul. He introduced Swithinbank to his new friends at Cambridge. When finally in 1908 Swithinbank decided to take service in Burma (where he had a distinguished career, rising to be Commissioner of the Pegu Division, 1933-42, and afterwards adviser to the Secretary of State in London), Maynard regarded the prospective separation as a calamity. Lytton Strachey thought fit to send a telegram to him in the Orkneys to convey the doleful news. Maynard took prompt action :

Telegram from J. M. Keynes to B. Swithinbank, 9.15 A.M. 22nd September 1908

My dear Swithinbank. Great Congratulations.¹ I do hope this quite alters your decision. Please stay in England. You will I am sure regret it otherwise. Perhaps this telegram unnecessary but please stay in England. There is no doubt you ought to and decision is irrevocable. Please telegraph to me. Keynes.

Telegram from B. Swithinbank to J. M. Keynes, 11.7 A.M. 22nd September 1908

Sorry but I do really want to go to India if medical allows. Really want to fixedly but if I fail will wire. Swithinbank.

Telegram from J. M. Keynes to B. Swithinbank, 5 P.M. 22nd September 1908

You see evident horrors of England too clearly but greater horrors of India are for you in a mist. Although doctors pass you I doubt your health and strength standing it. Forgive importunity. Do stay. I am sure you can be happy in England.

¹ He was elected fourth in the Civil Service Examination, which gave him the opportunity to opt for the Home Civil Service.

Telegram from B. Swithinbank to J. M. Keynes, 9.8 P.M. 22nd September 1908

Please don't trouble about me any more. I am decided.

It is nice to have friends who really want you. That these telegrams still exist, kept by the two friends independently of one another, is a tribute to an Eton friendship.

Then there was Dillwyn Knox, the most brilliant of a family of brilliant brothers.¹ A superb classical scholar, he was head of his election to Eton at the age of twelve, and afterwards scholar and then Fellow of King's College, Cambridge. In this case Maynard was able to maintain his friendship at King's. Dillwyn was a loyal and true friend. Lean and light of build, he achieved his scholastic success so easily, that his mind had plenty of leisure for pleasant nothings. Often rotting and ragging about, with a touch of inconsequence, always with a new limerick, witty and sharp, he could be relied on to amuse and charm, and to prick any bubble of pomposity in friend or foe. His first-rate brains were enlisted in his country's intelligence service in the First World War and afterwards, to the benefit of the nation, but to the detriment of literature and scholarship.

Granville Hamilton (afterwards Proby), good-looking and charming, was of aristocratic connections. Maynard had an especially warm spot for him. In later life he was Clerk to the House of Lords for thirty years, Lord Lieutenant of Huntingdonshire and an antiquary of repute. Gerard Mackworth Young was a boy of parts and presence, a scholar and of the world. He also went on to King's, and subsequently achieved two distinguished careers, one in the Indian Civil Service (Secretary, Army Department, 1926-32) and one as a writer on antiquities and Director of the British School at Athens (1936-46). By a coincidence he was concerned at Athens with the publication of the remains of Humfry Payne, one of the best archaeologists of his generation and pupil of Robin Dunda. Thomas Balston, elected second to Knox at Eton, was of the group, afterwards a distinguished writer and a publisher. Among these the tone was secular; but

¹ Monsignor Ronald (Ronnie) Knox, author of *Studies in the Literature of Sherlock Holmes* (republished in *Essays in Satire*. Sheed and Ward, 1923), and of more serious work, wittiest President of the Oxford Union within living memory, translator of the *Vulgate*; E. V. Knox (Evoc), editor of *Punch*; the Revd. Wilfred Knox, Fellow of the British Academy, Fellow of Pembroke College, Cambridge, author of important contributions on Hellenistic Judaism and early Christianity.

religion was represented by R. H. Lightfoot, who became a very learned divine and Professor of the Exegesis of Holy Scripture at Oxford. He did not hesitate to remind his boy friends of their common human frailties. He was supported by J. M. Duncan, less learned in theology, but severer in his churchmanship, and deeply interested in ritual. Then there was W. Hope-Jones, who returned to Eton, where he was a beloved house-master and tutor in mathematics, and at the same time made learned contributions in one of Maynard's fields of interest—statistical methods in biology. Among the next election Maynard was especially fond of Daniel Macmillan, publisher of this volume, who followed Swithinbank to Balliol.

These urbane and scholarly young men were impressed from the beginning by Maynard's great ability and his touch of genius; as his reading progressed he began to acquire a reputation of omniscience. Were they a little frightened of him? It does not seem so. After all, they were redoubtable people themselves. And he was essentially companionable, as Dr. Keynes had recorded; he was ready to appreciate all forms of fun and was himself an unfailing fount of amusement. Were his opinions ill-regarded? He was, of course, a Liberal, but so were some of the others; it does not appear that his political views were extreme. Religion was more dangerous ground. Indifference was no doubt then prevalent; but the serious-minded Christians soon grasped that his free-thinking went deeper.

Sayings of his are remembered. Duncan having affirmed that Dissenters could by no means gain access to Heaven, Maynard was bound, if only having regard to his Congregationalist upbringing, to take up the challenge. Duncan had finally to succumb to his reasonings.

Duncan: "Anyhow they won't be admitted to our *kind* of Heaven."

Keynes: "Yes, but what we want to know is whether they will be admitted to our kind of Hell."

Or again: "I wish I could be the Angel of Death. I know a good many people I should gladly put out of the way."

Despite the glories of her seventeenth-century pulpit, the Church of England has for a long time sadly neglected the art of preaching. If Maynard had doubts, what he heard at Eton was not likely to lead him back to the fold.

J. M. Keynes to Dr. J. N. Keynes, 12th November 1899

. . . This morning I have heard a sermon which, putting my hand on my heart and without hesitation, I can call the worst I have ever had inflicted upon me. Sermons may be dull, but you can sleep; sermons may be old, but you can sleep; but this — there is no parliamentary language in which I can express my opinion of it.

I sat and writhed for twenty-five minutes. . . .

J. M. Keynes to Dr. J. N. Keynes, 4th March 1900

. . . We had inflicted on us this morning another old reprobate in the person of the Revd. - - -. It was a revolting performance and an insult to the congregation. It is enough to make one think that the Church is the refuge for those who cannot preach.

They ought at least to make him an archdeacon at once. He has got all the qualifications. . . .

J. M. Keynes to Dr. J. N. Keynes, 17th February 1901

. . . This morning an atrocity was perpetrated in the pulpit, a revolting and merciless atrocity in a loud voice. The criminal was the Revd. - - -. [This preacher was subsequently elevated to a bishopric which he held for a great many years.]

But Maynard was not blind to true merit. Those who remember the beautiful sermons of Robert Hugh Benson, later converted to the Church of Rome, will recognise Maynard's discrimination.

J. M. Keynes to Dr. J. N. Keynes, 27th February 1901

. . . Last Sunday we had an extremely good sermon from Benson's youngest brother. He is a real orator. He has joined some brotherhood in which one gives up one's earthly possessions and goes about preaching. I thought that he would preach well as soon as I saw that he had not brushed his hair. . . .

J. M. Keynes to Dr. J. N. Keynes, 10th March 1901

I suppose that you have seen that Ford¹ has got the Headmastership of Repton; he will, I think, be a great loss to us. He is quite the best preacher we have and has been of late one of the most conspicuous figures among the masters. . . .

¹ Later Head Master of Harrow.

Pretty as a child, Maynard could not have been called handsome at Eton. He always had an interesting face. The lips were thick. If one added the inevitable epithet "sensual", that would not convey quite the right impression, for sensual lips are lazy lips. His were highly sensitive and expressive. They came into play to an unusual extent when he spoke, rounding and modulating the words and seeming to give them a thoughtful emphasis. He grew a small moustache, which he retained through life. His large dark-blue eyes were very beautiful — steady, direct and full of kindness and wisdom.

These features were but the vehicle for the constant play of expression, animated and intelligent, and above all there was his sense of fun, seldom absent for long. Then at once his face became irradiated. He had a broad smile, the eyes sparkled and the eyebrows arched upwards. Little wrinkles at the corners of his eyes appeared. Seldom can a face have expressed a sense of the ridiculous so completely; and as he went about the world, he was, luckily for his friends, always finding matters worthy of ridicule. But there was nothing censorious or caustic about his facial comment; it was all pure gaiety and impishness. Certainly he had a very charming and interesting face. Strangers noticed it in a crowd. He was quite unlike anyone else. It was sympathetic, communicative, winning.

He was tall; at school he was thin, but filled out later. He sometimes walked with a slight stoop. His motions of body were animated. He moved quickly about the room, tidying or adjusting or dispatching business in hand with speed. But then he liked to settle down on the sofa with his long legs outstretched, and his attitude became one of complete repose. There must be no discomfort that might impede the interchange of ideas, which was, after all, the main pleasure, perhaps the main object, in life. How would he have described his own hands? They were smooth and the fingers long and delicate. He had a habit of tucking each hand into the sleeve of the arm opposite, so that they became invisible. Thus he completed the sense of repose, like a cat with her paws tucked up under her.

3

The summer of 1900 found the family at Tintagel again. Maynard was reading Lecky's *History of the Eighteenth Century*, which had a "great attraction for him". He suffered from an

attack of high fever and later from a bad knee, which was deemed to be due to it.

In the Michaelmas Half he was up to Luxmoore; the friends regarded him as "quite the nicest master" they had been up to. At the same time he was doing European History from 1509 to 1603 with Marten. Arguments were beginning about the extent to which he ought to specialise in mathematics. Mr. Hurst, his mathematical master, wanted as much of his time as possible, while Mr. Lubbock pleaded for his other interests. On the whole, Mr. Lubbock, aided no doubt by Maynard himself, seems to have got the better of it. But Hurst was jealous, and Maynard, when doing some other bits of work, trembled at the probable displeasure of Hurst when he should get to know.

J. M. Keynes to Dr. J. N. Keynes, 21st October 1900

I am enjoying all my work now, and Lubbock says that my verses have greatly improved, but to really get on in Classics I ought now to do a lot of private reading.

It would be very pleasant getting through one's favourite Classical authors in that way, but it is absolutely impossible as well as Mathematical extras.

Like you, I should not mind thirty-six hours a day and fourteen days a week, etc. etc. . . ."

Games meanwhile were continuing.

J. M. Keynes to Dr. J. N. Keynes, 14th October 1900

I played Wall Game on Monday under such conditions as I hope never to have to repeat.

The sun was blazing and the day more than reminiscent of summer, and yet we went and played a fairly hard Wall Game. I have never felt so bad in my life. I was of course dripping with sweat, but it was the absolute exhaustion and inability to breathe that was so awful. . . .

On the next day I played in Mixed Wall in similar weather conditions, but we knew what we were in for and played slackly so that I got nothing worse than horribly hot.

He got some boils on his knee, perhaps connected with his holiday ailment, recovered, played another Wall Game, and then got boils on his other knee. The doctor said that his blood was

not in good condition, but did not think him unfit to carry on with the Wall Game, and by the end of term he had won his College colours. His mother has since been somewhat doubtful of that doctor's verdict, and felt that the terrific strains of this formidable game may have done permanent injury and been a remote cause of his later heart troubles, which were to prove fatal.

He went home for Long Leave.

Extract from Diary of Dr. J. N. Keynes, 18th November 1900

Much enjoy having Maynard with us — in capital spirits bright and intelligent as he always is. Mr. Lubbock came up for the Greek play — says he considers Maynard safe for a first class in Classics if he reads Classics. He evidently thinks very highly of the child.

If Maynard's classics were good, so also was his history. He was first in his division. In the later part of this half, he competed for the Richards English Essay Prize. The subject was given out a couple of weeks in advance. On this occasion it was the character of the Stuarts. "I cannot say that it is a very congenial subject." On 25th November an essay on it had to be written in the School Library between the hours of 9.0 and 12.0. Maynard covered twenty-two pages; his handwriting was small. He won the prize.

At the beginning of the Lent Half, Maynard was elected to College Pop.

J. M. Keynes to Mrs. J. N. Keynes, 27th January 1901

Last night I was elected to College Pop and next Saturday I make my maiden speech that "Women are more fitted to rule than men".

I have just this morning received the rules to put up in my room framed in purple riband. . . . We are, I believe, to have a general post in the way of food in Hall under the auspices of the new Bursar.

Irish stew and veal that is tottering on to the verge of beef are to be among our weekly items.

There is also talk of a permanent early breakfast such as we have during trials, a hot roll and butter and tea for early school. This will be a real boon. My first attempt at making mustard has

been too solid; I shall probably go to the other extreme next time. . . .

I am going to take the *Daily Mail* this half. This is a great sacrifice of Principle to Pocket.

He was playing fives "almost every day".

J. M. Keynes to Dr. J. N. Keynes, 26th February 1901

I was given my Lower Boats yesterday and have got an oar in the St. George. . . . This is a great surprise: I thought I might have had some slight chance of getting them next 4th June, but not the smallest hope of getting them this half.

The colour is white with narrow magenta stripes.

The economiser and the economist both appear in the following letter:

J. M. Keynes to Dr. J. N. Keynes, 3rd March 1901

Last night I put up a motion in Private Business in College Pop but was defeated by one vote. The facts were these: a fine of 6d. is exacted for every article left in Reading Room after 9.30. I left a pair of fives gloves and a double fine of 1s. was demanded of me. I held that a pair of fives gloves only constituted one article within the meaning of the Law. I was surprised at so nearly winning as it is almost impossible to make the House pass anything which will diminish its revenue from fines. Personally I don't think it good policy to make fines a source of revenue; it is an extremely vexatious form of indirect taxation and one which involves considerable trouble in collection. Quite a large amount of money is obtained in this way, but I should prefer a fixed subscription in lieu of fines.

Towards the end of this half it appeared that rowing, despite his enthusiasm, was getting too much of a good thing. The matter was happily solved in the following half.

J. M. Keynes to Dr. J. N. Keynes, 12th May 1901

This afternoon I was given an oar in *Monarch* by the Captain of the Boats. This was at my own request as I had had it conveyed to him that I wanted it. It is nominally the first boat on the river, but it is generally recognised as the home of bad oars. Apart, however,

from slight opprobrium it is all bliss. One has all the advantages of wet bobbing without any of its disadvantages.

One has all the privileges of a member of Upper Boats, sliding seats, bathing off Boveney, etc., and no races. One behaves exactly as one would in Lower Boats except that one has no bumping races. These are never things to look forward to, and it is particularly fortunate to escape them as they immediately precede the Tomline. [The principal Mathematical Prize at Eton.]

One, in fact,— to begin one more sentence with “one” — buys cultured ease by giving up ambition.

There are three other Collegers in the *Ark*, as it is familiarly called: Gaselee, who got it at his own request two years ago; Mavrogordato; and Olphert, who has got it at his own request this year.

. . . By the way, I have got the Holiday Task Prize. So has Dundas in the division below; *he* spent the holidays reading it through carefully three times.

He won the Tomline, getting 437 out of 620 marks, the next man with 336. Dilly Knox, although primarily a classic, and a very outstanding classic, was in for it.

J. M. Keynes to Dr. J. N. Keynes, 9th June 1901

Knox shows his work up in a most loathsomely untidy, unintelligible, illegible condition. . . .

J. M. Keynes to Dr. J. N. Keynes, 15th June 1901

I am most surprised that Knox is only fourth; I am sure that he really has more mathematical ability than Bailey or Jones. These three were very close together and Knox seems to have been undone by his mechanics and his want of lucidity; especially, I think, the latter. He has got one of the most confused brains I have ever come across. Even in conversation he is wholly incapable of expressing the meaning he intends to convey. In addition to this he is quite abnormally untidy in his work and always forgets to write down the most necessary steps.

This is an interesting commentary on one of England's most illustrious “intelligence experts”. There is corroboration for it. Knox's ideas came crowding into his mind in an untidy and confused jumble — all was seemingly chaos; in a Cambridge court he might be seen to pause midway on his course, and it was

well known that his train of thinking had then become so confused that he did not know where he was or what he was doing. He remained stuck for a long time until he had sorted matters out with himself. Perhaps it was precisely this shower of irrelevant ideas impinging on a brain of the very highest quality that produced such successful results.

J. M. Keynes to Dr. J. N. Keynes, 16th June 1901

Hawtreys,¹ as perhaps you saw, was eighteenth in the Mathematical Tripos. Dyer — whose pupil he was — is very disappointed and thinks he ought to have taken a very high place, and Hurst holds him up before me as a dreadful example of a person who has tried to do too many things.

Maynard added that he thought that Hurst was wrong in holding that Hawtreys had “lost his soul in knowing something besides Mathematics”.

There was an institution at Eton called “Private Business”, at which tutors gave some special instruction, rather in the university manner, to two or three pupils. There were also “Sunday Privates”. This half, Mr. Lubbock chose for study some translations which had been made by Dr. J. M. Neale of the poetry of St. Bernard of Cluny. They interested Maynard greatly. By his discriminating choice, Mr. Lubbock kindled an interest in Maynard’s mind, which was to occupy much of his spare time during the remainder of his spell at Eton and afterwards at Cambridge.

Extract from Diary of Dr. J. N. Keynes, 22nd June 1901

Maynard for long leave. Mediaeval Latin poetry is now one of his hobbies.²

A year later he read a paper on St. Bernard to the Literary Society.

J. M. Keynes to Mrs. J. N. Keynes, 2nd May 1902

I read my Bernard tomorrow night at 8 P.M. Rainsay is ill — pneumonia I believe — and Luxmoore is taking the Society under his wing until the recovery of the Ram.

¹ This is Mr. R. G. Hawtreys, the famous economist.

² That autumn he was set to write a Latin hymn based on the 87th Psalm — as a punishment for being late for prayers! So he wrote *two* versions.

When I announced my subject he exclaimed "Oh! That is my subject. I once read a paper on him." Whereat I was greatly abashed for he is a rare one to contradict. Fortunately he had misheard me. It was Bernard of Clairvaux that his paper treated.

In an obituary notice of Stephen Gaselee in the *Proceedings of the British Academy*, Mr. Andrew Gow wrote: "He is remembered . . . to have read a paper to a school society on the *De Contemptu Mundi* of Bernard of Morlaix". Keynes at once took the matter up with him. It was he, not Gaselee, who had read the paper.¹

At the end of this half Maynard won the Chamberlayne Prize, consisting of £60 a year for four years, for being first in the Higher Certificate Examination. He was first in mathematics, first in history, and first in the English essay.

Mr. Lubbock to Dr. J. N. Keynes, 2nd August 1901

I must congratulate you once again on your boy's very excellent performances; and nothing about them is so admirable as the way in which he takes them. He rates prizes at their proper worth, is glad to get them, but fully recognises that they are only of secondary consideration and importance. I am sure he will go far. He seems to have the power of being interested in everything and at the same time he seems incapable of doing anything in a dilettante manner. . . .

I confess I was fairly dazzled by the actual result. It is an extraordinary performance. He certainly does command success to an amazing extent, but then no one ever deserved it better. His way of accepting it is characteristic; just as quiet, frank and modest as ever, enhancing all the pleasure his successes give one. I hope he has not overdone himself and am glad to think of him beginning a complete rest. . . .

This time the family went off to Switzerland.

¹ *Proceedings of the British Academy* (1943), p. 442. Mr. Gow obtained his information from a notice by Mr. Ramsay in the *Cambridge Review*. He himself drew my attention to his mistake, and added, "In justice to myself I may say, as I said to Keynes, that when I questioned Ramsay, he professed doubt as to whether Gaselee read the paper when at school or as an old boy. I then made enquiry from the Minute Book of the Essay Society (which proved to be lost) and had the files of the Eton College *Chronicle* searched without result; and therefore wrote not 'he read', but 'he is remembered to have read'—which was strictly true." Mr. Ramsay's inaccurate recollection was no doubt due to his illness. Mr. Gow may be credited with a scholar's care in this matter, although whether what he wrote was "strictly true" must depend on the philosophical theory of the meaning of the word "remember".

His last year had the usual pattern of those of successful schoolboys, first a blaze of triumphs, and then a period of more leisure—aristocratic dignity, living in the school rather as in one's own fine country house, and co-operating with one's friends in running it.

In a letter to his father he gave full details of changes in the teaching arrangements at school and proceeded :

J. M. Keynes to Dr. J. N. Keynes, 22nd September 1901

The Old Boy ¹ thinks that within the next few years there will be considerable state re-organization in secondary education and that very critical examination will be made into the Public School system. So he is endeavouring to bring Eton up to the scratch. He has been dilating on this subject both in his address to sixth form and in his sermon to-day.

In College also there have been changes. We are going to have hot suppers three days a week and the old hags who gather up the remnants in Hall have been abolished. They have, I believe, been given almshouses to comfort them.

The Bursar is going to meet sixth form this week for them to suggest any further changes they desire.

This half he still had before him the task of winning a scholarship at the university.

J. M. Keynes to Dr. J. N. Keynes, 4th October 1901

Mr. Marten and Hurst have within the last two days been urging me to go up for Trinity instead of King's. The latter wanted to know if you would be coming to Eton any time soon as he would like to see you about my work. I promised I would write and forward his remarks.

Hurst's case is briefly this :

He says that my having won the Chamberlayne puts a different complexion on matters ; now that I have that, it would not so much matter if I only got a minor or exhibition at Trinity. His reason for wishing me to go to Trinity is that he thinks that Mathematics are at rather a low ebb at King's. They do chiefly Classics and Science there. There are not many doing Mathematics ; Berry is entirely pure and I should have to go elsewhere for my applied. I should not get a mathematical atmosphere.

¹ The Head Master.

It is my very strong impression that he thinks that if I go to King's I shall be drawn from Mathematics altogether. Marten's reason was but a small one; he thinks that my History might count for something in the Trinity general paper.

For myself I still think that I would rather go to King's. I have been imagining myself going there for some time and it is difficult to dispel "a fixed idea". Besides, Trinity is altogether too risky. Lubbock has written to, I think, the Provost of King's, to find out whether the Chamberlayne is tenable with an Eton-King's scholarship.

If it is not, that is, I admit, a great argument in favour of Trinity. . . .

J. M. Keynes to Dr. J. N. Keynes, 13th October 1901

Lubbock has definitely heard from King's that the Certificate Scholarship is tenable as well as an Eton scholarship.

In the debate on the new system I spoke and voted against it. It is not of course by any means entirely bad, but I think there is a good deal to be said against it. Next Saturday I am opening a debate in which I am to abuse the Stuarts. I put up this debate chiefly because Hamilton is opposing. It is a subject upon which we hold very different views and it ought to make an amusing debate. I took History Extras chiefly because it does not really take much time and is a pleasant change from the flood of Mathematics. I rather wish now that I had taken Pindar.

Hurst has said no more about Trinity; Lubbock would very much prefer me to go to King's and I would rather go there myself; so don't you think we had better definitely decide on the latter? Hurst still does not want me even to take the Classical papers. He says he thinks they may tire me for the Mathematics. His jealousy of Classics is most curious and interesting. What do you think of Kipling's grotesque effort in yesterday's *Times*? What is "the imperishable plinth of things"?

J. M. Keynes to Dr. J. N. Keynes, 20th October 1901

On Tuesday as you have seen in the *Chronicle*, we played the masters; I have never been so dissatisfied at the result of a match and I was very much annoyed at our being beaten. . . .

The letter in the *Chronicle* was by Turner.¹ It was most thoroughly justified; in both the Wall Matches one or two of the

¹ Mr. J. R. Turner, later Bursar of Westminster School.

masters had disputed every decision of the Umpire in a most unsportsmanlike manner, and it was high time that the matter was publicly called attention to. . . . Yesterday was the first College Wall Match against Browning's scratch. After a tremendous game, College succeeded in drawing; I have never enjoyed a match so much. I did one hold which I am rather proud of and I am sufficiently conceited to give you an extract from the account of the match written in the College Wall Book by the Keeper :

"At this point Keynes got well set and backed up by Olphert and the seconds did one of the best holds I have ever seen, remaining on the ball about eight minutes. . . . I knew he was a good holding wall, but I did not know that he could perform such prodigies of valour against such gigantic opponents."

The walls who were trying to get me off weighed 13, 14 and 15 stone respectively, while the three College walls are in the aggregate about 32 stone.

At the Shakespeare Society in addition to the *Tempest*, we have read the *Merchant* and tomorrow we begin *Twelfth Night*. I am to be Malvolio.

J. M. Keynes to Dr. J. N. Keynes, 24th November 1901

I have entered myself for £40 at King's as I want to go there anyhow. There is nowhere else worth going to at Cambridge which comes on later. And I do not want to go to Oxford at any price.

The half ended in triumphs, which came crowding in on two momentous days. He was elected to an Eton scholarship at King's, "in Mathematics and Classics". This was most unusual. Hurst's fears had been unnecessary.

The Eton Society, commonly known as Pop, is a self-elected body of boys, who have responsibilities in the school corresponding roughly to those of school monitors or school prefects in other places. The qualities which are required for election are those which make appeal to the boys themselves — athletics, no doubt, and general character; social standing may also play some part. These young men govern the school for the time — as they expect, many of them, or used to expect, to govern the country later. They are in fact our born leaders, people of substance and character, men of the world. One or two of the "book-worms" in College may be among the chosen, but the bias is somewhat against them.

J. M. Keynes to Dr. J. N. Keynes, 15th December 1901

You will scarcely believe me, I have been elected to Pop. I had absolutely no idea that I had the smallest chance, and did not even know that I was put up. The elections were held to-day, and I was told at Hall. Of Collegers, Olphert has also got in. Yesterday also was rather a red letter day in my calendar: I got the first news [of his scholarship] from a telegram from Dr. James which I found awaiting me after 11.0 school. It was sent off fourteen minutes after yours, but arrived five minutes sooner. It was very good of him to telegraph. They have been very wily in King's in choosing those who cannot come up again. Bailey, Olphert and Young will all come up again next year; Hamilton is quite satisfied with £60 and is still faithful to King's after a week at Oxford.¹ In the afternoon I played for College at the Field² and after the match got my colours. I have got it 10th, higher than I have been before this half.

In the evening College supper came off. We had a most excellent dinner and I flatter myself that I managed the arrangements very satisfactorily.

Your claret was very especially appreciated as being extraordinarily good.

We had soup, fish, pilaugh, turkeys, partridges, plum puddings, mince pies, paté de foie gras, dessert, coffee, with claret, moselle and champagne.

I asked the Head for leave off early school for the rest of the half yesterday; he gave it like a lamb."

Among his successes, that in the Wall Game was clearly not regarded as a merely trivial matter. The following letter, written during the Christmas holidays, is characteristic for the fervent interest taken in the subject, the critical analysis of the essentials of the proposal and the suggestion of an alternative remedy.

J. M. Keynes to R. H. Dundas, 19th January 1902

You seem to have been having a very giddy time at your god-mother's; we have had a comparatively quiet time and I with consummate skill have got off all (*all* mind you) dances. Oh, what fair round lies have I told! . . . A little more than a week ago I heard from Turner to say that after all he was coming up to King's this term. For God's sake come thou and do likewise; I add as an

¹ But in the end he went to Oxford.

² The other Eton football game.

appendix to this letter many sound and weighty arguments all of which you have heard before.

If you want to drown yourself in the Bosphorus, do so and be damned to you.

If not, I shall think very poorly of you if you cannot overpersuade your people to let you come into residence at the Royal Foundation.

I have seen a good deal of the King's people this week. I played bridge with Gaselee and friends a few nights ago (and won a shilling) and I play again this week. S. G. had his usual equipment of port, cigars and brandy and sodas.

George Lyttelton is going to revise the Wall rules.

I have seen the correspondence on the subject, and it seems to me that all the changes are of no effect save that concerning hands (for the sake of which the whole thing is doubtless being done).

I cannot enter into details now, but the effect of the new rule is practically to abolish the use of hands.

To this I am strongly opposed; it means that it will become possible for a good wall to sit almost indefinitely (unless some new form of ruffianism such as slicking¹ is introduced). I told Muggins major the suggested rule and he thought that he personally could sit for the greater part of the day under these arrangements. It is impossible to make the Wall Game humane and one suitable for the newly shaved and tender usher; the present form of legalised ruffianism is, I think, the best condition under which one can play the glorious game.

I have suggested as a compromise that knuckling and not pushing be abolished; this would, I think, greatly reduce the ruffianism and at the same time leave the game fundamentally the same. It is a very important question, but more of this anon. . . .

Prizes at Eton took the form of books, newly bound in calf. Maynard's succession of awards led to much correspondence with his father concerning what books to buy. He became restive about the calf bindings. It did not escape his lucid mind that, if one is gathering books together with limited resources, the expenditure of a substantial fraction on new calf is not the best way of building up a fine library. Mr. Lubbock, at his suggestion, persuaded the head master to change the rules.

In the market-place at Cambridge a certain Mr. David, who ultimately became famous, had a stall in which were to be found old and rare books. From the age of twelve Maynard frequented it.

¹ Viz. kicking or hacking.

J. M. Keynes to B. Swithinbank, 31st December 1901

I bought an early edition (1820) of Wordsworth's *Excursion* yesterday from my second-hand bookseller for 1/- . It is a fine large paper edition. I had a long talk with him about books, a subject he knows a good deal about.

It appears that I gave fully what it was worth for that Byron.

It is only some of the shorter poems, whose first edition is of any real value.

I am spending a certain amount of time reading Church History for the Newcastle, and am getting a great deal of interest out of it. I have, I think, a certain bent towards theology. My interest in the subject delights my grandfather who is, as I think I once told you, a Non-Conformist clergyman.

I have also been studying some more family history and have written a short article on the derivation and spelling for the last thousand years of the name Keynes.

Maynard continued book collecting actively, but economically. He sought out products of the Aldine and Elzevir presses and other early printed editions of the classics, not usually going above 10s., but more often paying much less. He maintained frequent contacts with David. In these early days he inserted a number in his books, indicating the order of purchase. These numbers were only placed in books of substantial value or interest. From them we learn that by the time he first went up to Cambridge as an undergraduate in October 1902 he had already bought 329 such books.

Amid this multiplicity of intellectual interests, political economy was not entirely neglected. After the death of Henry Sidgwick, Dr. Keynes was asked to edit a new edition of his *Principles of Political Economy*. Later in life, Maynard recalled¹ how his father had at this time given him the proof-sheets of that volume to correct.

His last two terms were filled with activities of a kind proper to one whose main struggle was over.

J. M. Keynes to Dr. J. N. Keynes, 26th January 1902

I am going to do three extras this half, Lucretius with Ramsay, History with Marten and Mathematics with Hurst. For private with Lubbock I am to read the *Choephoro* of Aeschylus. . . . We

¹ At the dinner given him by the Council of the Royal Economic Society on 21st June 1945, on his retirement from the editorship of the *Economic Journal*.

had College Pop P.B. on Saturday night and I spoke an unconscionable number of times.

I was elected to the Athletic Committee (for making arrangements about the sports). Butler ¹ and I have succeeded in reviving the Essay Society. . . .

J. M. Keynes to Dr. J. N. Keynes, 2nd February 1902

On Friday the Head demanded of me to choose a speech at a moment's notice; I gained an hour by not going to him, but I had the greatest difficulty in finding anything that I cared for and was at the same time suitable. Finally I produced three alternatives: Firstly a passage out of the Pope's speech in *The Ring and the Book* (suggested in the Public School Speaker), but the Head has always consistently refused to allow Browning, and he told me he thought it would prove gibberish to the audience; Secondly, "The Case of Rundrum the Barber" out of *The Shaving of Shagpat*. This he seemed to think not sufficiently conventional. My third alternative, however, Burke's Panegyric on Fox was thoroughly to his taste, and that I am to do. I think it is right to at any rate ply the Head at first with what is a little less dull and conventional than the old, old speeches.

A cousin of Young's — of the same name, has come to be an usher here, and yesterday I went to tea with him. . . .

This was Geoffrey Winthrop Young, renowned as a mountain climber, renowned also later for scaling Alpine peaks after he had lost a leg, as well as for great gallantry in the First World War, a poet and author of books on climbing, etc. He has kindly written out for me his impressions of Maynard at Eton.

Description of Keynes by Mr. Geoffrey Young

When I went to Eton as a young Master, I heard of Maynard as an outstanding mathematical scholar, in College; and I soon met him among other sixth-form leaders. But it was at a literary society that I first realised him. He was reading a paper on the later Latin poets — of all subjects! — and he traversed the vast field of second-rate production with masterly scholarship. His reading had been immense, his selection was admirable, and wit and some well-calculated indiscretions illuminated an astonishingly mature performance. We were listening to something much beyond the range of the normal clever sixth-form boy; and the fineness of the delivery

¹ Sir Harold Butler.

in a sympathetic voice that never lost through all his life its intimate gaiety, contributed further to the effect. . . .

As a boy he was slim, agile, pale and dark-haired. He had no special athletic gift, but he suggested both in movement and talk, a keen dark-metal rapier, with light and shadow playing quickly over it. "A dark ray", I once described him. His manner was polished, after an older fashion, and very lively: too urbane ever to be thought of as a boy's. The small head was finely modelled; the features distinctly ugly at first sight, with lips projecting and seeming to push up the well-formed nose and strong brows in slightly simian fashion. But the moment the eyes glanced up through long lashes, marvellously alive, with depths of almost superhuman intelligence — nothing else counted. When the quick gay smile followed, the whole face was alight, and it held one by an unusual charm, of sympathy and expression.

Soon after this, his Tutor sent him to me, to practise essays for scholarship purposes. . . . His style was already lucid and trenchant, and his intellectual grasp in many fields far outdistanced mine. We treated essays as bases for discussions. He soon fell into the habit of dropping in, one or two evenings in each week, at my house in High Street; and there in my library we turned up references and talked over all things on earth and elsewhere.

His reading, as I have said, was astonishingly wide already. It covered the whole literature in some subjects; and while he read quickly he remembered accurately and with excellent selective taste. Not only the classics and notable authors, he had explored the arcana, and knew more of the private presses and editions and of the privately circulated books of authors known and unknown, than I had ever heard of.

In an attempt to balance his formidable combination of intellectualism and aestheticism, I introduced him [this was at a later date] to the world of open air adventure and of natural beauty, using the beauty of movement as a means. In mountain climbing he became particularly interested, even for a time enthusiastic. Delicacy of constitution prevented him maintaining the practice; which I regretted, since it might have kept the balance better. He would have mountaineered well. He joined me once in the Alps, and I sent him ahead up the Aiguille d'Argentière, alone with Joseph Knubel, while I followed with another rope. I watched him climbing upon the very steep snow and ice slope of the summit with smooth security and fine nerve. Obviously he was revelling in every minute of it. [In due course we shall give Maynard's own version of this experience.] Later, on my suggestion, he went on a walking tour to the Pyrenees, and wrote to me very critically as one climber to

another of the poor technique of one of his companions, and of the unexpected speed and endurance he discovered in his brother.

J. M. Keynes to Dr. J. N. Keynes, 9th February 1902

Last night the Literary Society (as the Essay Society is technically called) had its first meeting and Butler read an exceedingly good paper on the British occupation of Egypt.

We are to have four papers altogether, the next three from Buxton, Swithinbank and Paul (the son of Herbert Paul the essay writer). At the close of the proceedings I was elected President. . . .

I have also been elected to the Committee of Management (composed of boys and masters) of the School Stores.

As far as I can make out I am elected chiefly as a person competent to check the financial affairs. I am finding that, like you, when I am appointed to a committee, I am inevitably made to do all the work.

Last week we carried through a good deal of work concerning the reform and expurgation of College Library. . . .

My speech came off yesterday after 12.0 in Upper School; clad as to my uppers in dress clothes, and as to my lowers in knee breeches and black silk stockings I declaimed some of one of Mr. Burke's orations which I knew by no means perfectly, to an audience representative of Eton College. . . .

On Friday night I attended my first Pop debate on our old friend "Capital Punishment". I spoke twice and find that by now I have no modesty when on my legs, even before a strange audience.

I cannot say that the average of speaking was high. I might even go so far as to say that it was low. . . .

His claim that he "had to do all the work" is confirmed by Mr. Hope-Jones, who well remembers the heroic reform he carried out in the College Library, a landmark in the history of that institution. Mr. C. R. Fay confirms the point with reference to Maynard's undergraduate days. "What was so extraordinary was that while he seemed to us all to be leading such a lovely life, yet he never refused a dirty job."

J. M. Keynes to Dr. J. N. Keynes, 16th March 1902

Swithinbank read a paper last night on "Ben Jonson". His behaviour was typical; though he had several weeks in which to prepare it, he did not begin writing anything down until 5.15. He

then wrote as hard as he could until 7.0, the hour at which he had to read. He had not, however, time to write a peroration; he was saved by a great stroke of genius. He read us out the peroration of an article on the same subject that he had got hold of. . . .

Last night the motion in College Pop was that "There is a deplorable spirit of extravagance at Eton". It was carried by the casting vote of the President; I voted in the minority.

In the Shakespeare we have been reading *Othello*. I have taken the title part. . . .

Meanwhile the Newcastle was about to come off, the greatest of the Eton prizes, mainly classical. Maynard could hardly hope to win. Kynaston was the Cambridge examiner, and Godley, a very well-known Oxford figure, came from that University.

J. M. Keynes to Dr. J. N. Keynes, 23rd March 1902

Kynaston looks an extremely nice old man, but Godley is rather terrible and apparently very nervous. He has the reputation of being the dullest man in Oxford to talk to, and of being the greatest wit in print. . . . Last night we had an essay from Paul on "Charles Lamb". It was very good and distinctly the best we have had. . . .

A few days ago some foolish individual went about an hour before early school and blocked up the key holes of all the doors of the school rooms with plaster of Paris. Fortunately it was discovered in time to prevent its interfering very much with trials. The culprit has not been discovered and the Head has declared that unless he gives himself up, no leave will be given to any of the school either this half or next. I am very sorry that the Head has acted thus. The principle of such a punishment is in my opinion atrociously bad and not at all consonant with his usual methods. It is not even certain that the offender was a present member of the school. Threats of this kind in a case where the rest of the school neither knows the culprit, nor has taken any part in the crime, seem to me most unwise and useless. Besides I don't suppose for a moment that he will be able to enforce it strictly.

Pallis won the Newcastle, and the order in the "select" was Ainger, Dundas, Hamilton, Keynes. . . .

J. M. Keynes to Mrs. J. N. Keynes, 2nd May 1902 .

I have bought a perfect dove of a waistcoat, lavender with pale pink spots (Wycombe papers please copy) ¹ . . .

¹ Maynard's sister, Margaret, was then at Wycombe Abbey School.

J. M. Keynes to Dr. J. N. Keynes, 11th May 1902

"The Mirror" as it is to be called, will come out on Tuesday; I have not had time to contribute anything for this first number, but I have got two or three things out of Swithinbank for it. . . .

Rehearsals for speeches are now in full swing, Butler and I are doing Act III scene iv . . . of *The Rivals*; it is not at all easy. . . . I am *Acres* and Butler *Sir Lucius*.

We are doing *Hamlet* at the Shakespeare, and I am enacting the part of the melancholy Dane. . . .

It is difficult to realise that the cataclysm at St. Pierre is probably the greatest disaster of the kind that has taken place in the history of civilisation. The destruction of Pompeii and Herculaneum was on a much smaller scale, they were much smaller cities; . . . It is difficult to analyse the apathy with which one accepts such a stupendous event.

J. M. Keynes to Dr. J. N. Keynes, 15th May 1902

*The scenes that we are doing from *Much Ado About Nothing* are . . . Very much against my inclination I am being made to do "Dogberry". . . .

On Tuesday I played in "Aquatics". This is a weekly game of cricket played by members of Upper Boats under Aquatic Rules. . . .

J. M. Keynes to Dr. J. N. Keynes, 15th June 1902

Last night Young read an extraordinarily good essay on *Praed*. I don't believe any other school could keep up so good a series of papers. . . .

These are but a few items from a vast catalogue of interesting events which crowded the letters of this last term, despite the fact that some days were taken out of it by one of his feverish attacks. And at the end of term he was once again first in the school in the Higher Certificate Examination. During the course of it he found time to cover four pages of foolscap examination paper with a letter to his father.

Eton College

Page 1

Subject

J. M. Keynes, K.S.

Sunday Letter

Certificate Index No. 170

The end of this half will be made additionally miserable by the fact that Camp has been made compulsory and that therefore nearly

everyone is going off on Tuesday morning. I have just reached a very melancholy stage. Last night I received a vote of thanks in College Pop, which I think I desired perhaps more than anything else that remains to be got here. Eton has been much kinder to me than I deserve. . . .

He was not the only one to be miserable.

R. H. Dundas to J. M. Keynes, 3rd August 1902

I think I have never spent a sadder day than on Tuesday. Your words on Monday night "before we part" had brought home to me rather forcibly that we were going to part in earnest, and that the old Eton life was over as far as I was concerned, for Eton will never be the same. You have always taken the chief part in that time as far as I was concerned, but what applies to you also applies more or less to all the others. . . .

I hope I shall see you often. . . .

Your affectionate friend,

ROBERT HAMILTON DUNDAS

CHAPTER II

UNDERGRADUATE AT CAMBRIDGE

1

IN October 1902 Maynard entered the Royal Foundation. Its outward aspect is indeed regal. On the right of the front court is the famous Chapel, with its matchless array of lights and buttresses unbroken by any transept. Facing the lodge is Gibbs' classic masterpiece, well known for the view of its other frontage which is obtained from the Backs. There is a great lawn in the front court, and the proportions are just, giving both a sense of splendid spaciousness and the right perspective to the buildings. Beyond Gibbs' Building is a still greater lawn, reaching to the river.

At first, however, he was somewhat removed from these glories. Passing through the Wilkins Building on the left, one goes into a mean court, surrounded by a confused jumble of ugly structures. Passing still beyond, down steps, through a wretched subway under King's Lane, one reaches a number of poky sets of rooms known as "the Lane".¹ Having arrived here, Maynard had to climb to the first floor. There he found his small rooms, by no means conducive to the comfortable life. It is understood that part of the money which he has bequeathed to King's College will be used to build better sets on this site.

None the less it was a privilege to be there. At Oxford freshmen are brought together into their colleges in their first year, in order to be easily initiated into the corporate life. In their third or fourth year, when the need for the concentrated study of books is at its height, they are sent out into their separate "digs" in the town, in which the number of visits by friendly intruders is likely to be less. Cambridge has the custom, which to an Oxford man appears inferior, of leaving the men in lodgings outside college during their first and, possibly, second years, and only bringing them within the college walls subsequently. King's,

¹ The alternative name, "the Drain", is a modern vulgarism unknown in 1902.

however, made special arrangements for its scholars in their first year; they were given accommodation in the Lane; there, crowded together, they certainly had a good opportunity of getting to know one another.

On the landing above, Maynard found a fresh young man from the north, with rough-hewn features and tousled hair, a warm handshake and a hearty and earnest manner of speech. This was C. R. Fay.¹ At this moment Fay's life was a welter of excitement and triumph; educated at Merchant Taylors', Crosby, he had played rugger for Lancashire, and was now about to play for Cambridge University, thereby in his freshman term bringing honour to his college. He may have doubted whether the extremely urbane, grown-up, sophisticated and, evidently, most intellectual scholar from Eton would be interested in these delights; but the old Eton wall knew the thrill of them quite well. And he was delighted by Fay's brimming enthusiasm. They very soon became fast friends. Fay was working for the History Tripos, and was interested, then as always, in social and economic problems. Here was a new type, quite different from those who frequented Eton College or Harvey Road. Here was a point of view to be examined, and Maynard kept finding his way upstairs to take up the argument. They argued and argued.

In the next Easter vacation Fay took Maynard on a visit to his parents in Liverpool. They were people of strong Conservative and Low Church views. He recalls what pains Maynard was at to make himself an engaging guest and show a sympathetic understanding of all his parents' interests. Fay was thus able to be proud and pleased at the impression which his clever college friend was making. In fact it probably caused Maynard no trouble, for he would be fascinated to get this glimpse of a different point of view, and had a natural spontaneous sympathy with all manner of men. It is appropriate to apply to him in this connection a word that is falling into disuse, but has played no little part in British history. Despite his devastating rudeness, which, however, he had under control when he chose, he was every inch a gentleman.

In the room opposite his was W. M. Page, also a mathematical scholar, destined to be above Maynard in the list of Wranglers in 1905 and to be elected to a Fellowship at King's in the year

¹ The well-known economic historian.

before Maynard was elected. They were sent together by the King's authorities to receive instruction from Mr. Hobson¹ ("Hobbema" always to Maynard), Fellow of Christ's College, and afterwards Sadleirian Professor of Pure Mathematics. Mr. Hurst's fears that Maynard would be frozen out by Berry's purities were needless; King's knew its job; it dispatched its mathematical scholars in their first year to one of the best coaches in Cambridge.

Maynard's logical faculty, his accuracy and his lightning speed of thought made him a thoroughly competent mathematician. He had no specific genius for mathematics; he had to take pains with his work; while showing efficiency and good style within his range, he did not seek out those abstruse regions which are a joy to the heart of the professional mathematician. From the beginning of his time at Cambridge he had many other interests, and only by diligent industry did he achieve the required standard in mathematics. When Dr. Keynes was a guest at the Founder's Feast at King's in December 1904 it was not very comforting to be told by Berry that he thought he "could honestly say that Maynard was devoting all his *spare* time to mathematics"! Despite his earlier frailties, he showed remarkable powers of work. Although he spent most evenings at some society and afterwards in endless arguments with his friends, going to bed at about 3 A.M., Mr. Page recalls that he was always as fresh as a daisy when receiving instruction from Mr. Hobson at 9 A.M. the next morning. This happened three times a week. As they walked back from Christ's, Maynard insisted on pausing for a while at David's bookstall and often made a purchase. Mr. Page has carried in his mind an incident on their return journey. A young crippled girl was coming along King's Parade on crutches, and a high gust of wind carried off her hat and deposited it in front of a tram-car. "Stay where you are!" and like a streak the old college wall retrieved the hat. A simple act of kindness, perhaps; but Page had the idea that undergraduate freshmen are not often so considerate, usually having their heads in the clouds.

Robin Furness, who dwelt opposite Fay above, must be written down as Maynard's best friend at King's during his undergraduate days. He was a young man of literary interests, and good taste and judgment, abounding in fancies, and of intellectual calibre to make an excellent companion for Maynard.

¹ Father of Mr. Oscar Hobson, the well-known writer on financial questions.

He was also a boon companion, a pleasure-loving companion, and revelled in scandalous gossip and anecdote; their tongues wagged in that good old way that provides a natural and healthy outlet for the young; their ingenious minds often added such embroidery to the details, that the simple-hearted Fay sometimes thought they went a little too far.

On the ground floor was an old Eton friend, Capron. At this time he was deeply involved with his planchette-board and levitation. Pictures took themselves off his walls and mantelpiece and deposited themselves on the floor. Maynard certainly had an epitome of undergraduate life on his stair. Capron afterwards took Orders, and did faithful duty as Vicar of Scarborough, and elsewhere.

Intellectual fliers usually find it expedient to give up rowing when they reach the university. Not so Maynard. He was always most reluctant to abandon an old love, in order to make way for new interests. Harold Butler expressed his surprise from Balliol College, Oxford, to hear that Keynes was still "toiling at the oar", but so it was. In the Michaelmas term he rowed in Trial ("Crock") Eights, and, great glory, his boat won, and he achieved a cup for his pains.

J. M. Keynes to B. W. Swillthinbank, 27th November, 1902

I have won a pot at rowing; tell it not among the heathen. I sang a song before an audience of nearly fifty last night; tell it not in Gath.

In the next term he was included in the "Lent Boat". But he had to give it up in the end and relapse into milder forms of exercise. He and Gaselee and two others used to play an extremely rudimentary game of lawn-tennis to their own great amusement, and to that of others who happened to pass by. He was a much better performer at golf; at one time he and Mr. Leonard Woolf played at Royston regularly every Saturday afternoon. He was also fond of riding. At a later period he went out with Lowes Dickinson, who, we may believe, was not a very proficient horseman.

If we record that Maynard pursued mathematics as his subject of study and kept fit by rowing on the river, we have only scratched the surface of his undergraduate activities at Cambridge.

It is to be emphasised that at Oxford and Cambridge the main

part of an undergraduate's education is imbibed from other undergraduates. One may indeed acquire from lectures or laboratories the rudiments of a subject in which one wishes to specialise. But the processes of higher education are subtler; it is a question of what gives the stimulus to the creative or logical powers and of the mode by which the mind makes a transition from the commonplace to the mature outlook. This higher education has to provide our society with men capable of initiating new thought, whether in letters or in science, and with men who, by the breadth and mellowness of their understanding, will be capable eventually of valuable leadership in statesmanship, commerce and industry.

It is the general testimony of those who have achieved distinction in these various fields that they learnt more of permanent value from their fellow-undergraduates than in any other way. There are the societies for debate and discussion, and there are certain traditions which the older generation of undergraduates hands on to its successors. Part of the tradition is a certain mode of frankness in discussion. The half-formed thought in a young mind may easily wither, smothered by the conventional platitudes of the market-place. At the university it is not allowed to die; it is drawn out, developed and tested in argument, so that each young man acquires self-confidence, and therewith the power to develop his gifts. The technique by which this is achieved -- more ancient than the psycho-analyst's sofa -- is peculiar to undergraduate life; it consists in a certain subtle blend of flippancy and intimacy. Then there is the clash of opinion. It is *de rigueur* in the university atmosphere to pretend to understand the merits of the opposite point of view; one ends by really doing so, and thereby becomes an educated man.

The dons form a background for these vital processes. They form a good background, because, although they may often be old-fashioned and crabbed in their general views, they are revolutionaries in their own subjects, no matter whether it is a question of splitting an atom or displacing a comma in an ancient text. Thus the pupil who receives instruction is made conscious of a dynamic world of new discovery, and of the fundamental insecurity of established orthodoxies. He gets a glimpse of the processes by which new truths are arrived at. It does not matter that dons are often poor teachers, for the aptitude to research, which is their fundamental business, may not be conjoined with the teacher's flair.

Imprinted upon the old fabrics of Oxford and Cambridge is the clear intention to provide convenient means for combining communal life with private life. Communal life is important — easy means for the continuous process of discussion by day and by night. But private life is equally important, the seclusion of one's own set of rooms, where one may turn over one's thoughts undisturbed. The oak may be sported, if necessary. The separate stairs without inter-communicating corridors are important in this connection. A central Authority granting funds for a hostel may plead that separate stairs are more expensive. But that is just the point at issue. Would that central Authority even conceive the possibility that it might be more truly in the interest of higher education to forgo six professorships and to spend the money thus saved on separate stairs - or on additional domestic service, to ensure that the characteristic mixture of communal and private life was successfully achieved?

One cannot look closely at Maynard's education at Cambridge without perceiving that, in so far as it contributed to his being the man he was, professors were of minor importance, while the particular kind of communal and private life he was able to lead in King's at that time was everything.

Its best known undergraduate society was the Walpole Debating Society, in which Maynard took an active part. There was a more select and august body known as Decemviri, consisting of only ten members, as its name implies. This was a mixed Society of Trinity men and King's men, and Maynard was soon elected. He was also, almost at the outset, elected to the Apennine Society, the oldest Literary Society in King's. Then there was the Union. He became a member on the nomination of Dr. Keynes on October 10th. We find him speaking for the motion "that the British system of government by party is becoming a hindrance to useful legislation". *The Granta* noted that "Mr. Keynes, a maiden speaker and freshman, was quite excellent. He has that taking quiet manner, which is so rare in the Union, and interesting opinions even on a dull subject at a late hour; but he speaks a little too fast." He supported the motion on the ground that individuals tended to be submerged in parties.

Edwin Montagu, a Liberal, and subsequently Secretary of State for India, was President, and gave Maynard encouragement. Later in the term he had the honour of being tabled to speak "on the paper". He opposed the motion "that this House welcomes

the proposal that Mr. Joseph Chamberlain should visit South Africa". He objected to placing absolute power in the hands of a Cabinet Minister. "It was a dangerous precedent to let Mr. Chamberlain loose and uncontrolled over South Africa." But Fay spoke on the other side. Maynard joined the Liberal Club and was in due course to be involved in much Liberal speaking, both at the University and elsewhere.

Scarcely had he arrived in Cambridge, when he decided to make a canvas of the scholarly colony in the Lane, to persuade them, whatever their subject of study, to come and hear McTaggart's lectures on general philosophy. The lectures were intended for such an audience; Maynard would have known of McTaggart's eminence from his father. Early in the following term he received an invitation from McTaggart to go to his "Wednesday Evenings". These were social evenings, but McTaggart lacked the gift of putting the young men at ease. Mr. Leonard Woolf has rather grim memories of it; McTaggart might become lost in silent thought, unconscious of the passage of time, but the undergraduates were on tenterhooks, very much conscious of waiting for the great man. Woolf once actually timed one of these terrible silences, and found that it lasted no less than ten minutes. But if a somewhat senior man was present, the scene was quite transformed and the evening lively; Sanger in particular had a way with the redoubtable philosopher. Sanger was an interesting person, already down, but a frequent visitor; he had shown brilliant promise as an undergraduate and was much respected by Maynard and his friends. They always maintained contact with him.¹

Maynard probably did not often go to these rather forbidding sessions; his philosophical allegiance soon began to shift. But he went to the lectures, and these stimulated him to write a Paper on "Time", which was read in Stephen Gaselee's rooms to the Parrhesiasts, one of the countless undergraduate societies. It was an astonishingly mature work for a freshman, not even a specialist in philosophy. Time was essentially relative. Its measurements depended on the unsupported assumption that the time intervals between recurring events of a certain character, e.g. the complete rotation of the earth, were equal. The scientists might allege that the tides were retarding the earth's spin to the

¹ Keynes wrote a notice of him on his death, *Economic Journal*, March 1930. There is a fleeting vision of him under the name of Sandys in Virginia Woolf's *Night and Day*.

extent of one second in a hundred thousand years ; this proposition could only have meaning if there were other recurring events arbitrarily assumed by definition to be equidistant in time. If one wanted to criticise the regularity of these other events, then one must have some other standard which in its turn would be equally arbitrary. There was no absolute. It was just as true to say that the Sun moved round the Earth, as that the Earth moved round the Sun. (This was, of course, before the era of "Relativity".) More generally the concept of time was dependent on change. "If you admit the existence of a background of empty time, beyond and apart from change, you have no right to deny the possibility of the elapse of a million million years between the utterance of my last two words." He proceeded to a more general philosophical discussion. If there was purpose in the Universe, and Time stretched infinitely backwards, that purpose must be already achieved. If the Universe was the scene of a combat between two powers, Good and Evil, they must be of precisely identical strength — a peculiar condition. Were we in due course to enter into a timeless state? "It is difficult to see, in what sense an entry into such an existence would, from our present point of view, differ from complete extinction." While he could not accept Kant's view of time, he concluded that the common-sense view of it was probably illusory. The paper was wonderfully undogmatic for a very young man. It posed the problems without claiming to solve them.¹

One of the most influential of the younger dons at King's was Goldsworthy Lowes Dickinson ("Goldie"). He had to teach history and political subjects ; he was not a great specialist, and it was a mark of enlightenment in King's to have this very stimulating teacher on its staff. He was a very sweet person, simple and friendly. Struggling with great problems in discussions with the young, he used sometimes to end with a little shrug of despair and a smile, which gave, and yet simultaneously seemed to appeal for, sympathy. How could we poor mortals ever find our way among these baffling problems? His style was straightforward and unadorned. His outstanding quality was one of which we shall have to take recurrent note among these distinguished

¹ Mr. Page believes that this paper was read in Maynard's first term. The meeting of the Parrhesiasts which heard it was in May 1903, at the beginning of his third. But it may well have been read to more than one Society. Internal evidence shows that it was written before the close of McTaggart's course of lectures.

Cambridge personalities, that of absolute integrity. He followed the thought where it led, and if it led to no solution — well, do not let us pretend! He was full of passionate yearnings, yet cool and balanced in judgment, and distrustful of the conclusions of enthusiasts. Mr. E. M. Forster has given a fine sensitive portrait of him.¹

He exerted a very strong influence on all the clever youth both in King's and beyond,² and thereby on Maynard, although the direct influence may not have been great. His mind lacked the keen cutting edge which Maynard loved. Though his interests were philosophical, yet in deep philosophy he was an amateur. Would he even have understood Maynard's freshman paper on "Time"? His style of writing was lucid, and at times had considerable beauty. He seemed to state the case, or opposing cases, in plain language, entirely free from obscurity; yet perhaps it is not true that style always reflects the mind, for in the last analysis there was a certain woolliness in his thought.

But his "Discussion Society", which Maynard was naturally asked to join — was a forum for a select number of King's intellectuals, at which eminent philosophers from without, McTaggart, Bertrand Russell and G. E. Moore, occasionally appeared. There the problems of the hour were discussed, and eternal problems — religion, the significance of music and poetry, philosophy, the ideal social order. He was not dogmatic in politics, but he seemed to wait with him, in his gentle way, the atmosphere of the Fabians and others of the progressive vanguard, with whom he was associating in London. He was concerned in the foundation of the London School of Economics, and lectured there occasionally, and at a later date regularly. He was a founder also of the *Independent Review*, which was a vehicle for the thoughts of the younger progressives for a number of years. At Cambridge at this time, he was concerned with the inauguration of the new Economic Tripos, which included Political Science. Alfred Marshall was the real architect of this new degree, which was to give economics a place in the University curriculum alongside classics, history and the other great subjects of study. But Marshall

¹ *Goldsworthy Lowes Dickinson*, by E. M. Forster. Publ. Arnold.

² Cf. p. 111 below.

³ Mr. E. M. Forster (*op. cit.* p. 102) wrongly dates the foundation of this Society at 1904. Many remember it in earlier years, and it was a going concern when Lowes Dickinson went on his trip to America in 1901 and asked Berry to look after it in his absence.

was rather difficult in business, and it is thought that the necessary University legislation would not have been passed without further delay, save through the sweet reasonableness of Lowes Dickinson in persuading the Cambridge historians and others concerned to support it.

The First World War was probably a more devastating blow to Dickinson than to any, save those who suffered the loss of their loved ones. Thereafter he was a changed man. Out of the wreckage of his shattered hopes and aspirations, he pieced together a new self, which stood forth as a flaming crusader for peace. His whole being was concentrated on this one purpose. There was no more woolliness, no more aimless wandering in a world of unplumbed ideas. His thoughts were focused. When this quaint little figure, rather untidy, rather fragile, stood up to address a large audience, in simple, unadorned, at first rather stumbling sentences, speaking the language of everyday with his gift of pellucid expression, gradually building up an argument that all could understand, his absolute integrity shining forth, he succeeded in inspiring his audience with that passion for peace which had his own life in thrall. One felt that now indeed one was in the presence of a prophet of righteousness. That was the consummation of his powers. But the elements were always there; and one could see clearly what it was that, despite his shortcomings, stirred the hearts and minds of the young so strongly in his earlier days.

At the opposite extreme to Goldie in the King's scene was Maynard's old Etonian friend, Stephen Gaselee, with "his bridge and port and brandy and soda". When Gaselee arrived there the year before, he made a great impression as being already so mature and accomplished a man of the world. The general verdict, however, is that the similar impression made by Maynard a year later was even greater! Gaselee, it is true, was more interested than Maynard in matters of deportment. He liked to be well dressed, and clung to older fashions. Later, when an M.A. on a visit from London, he astonished spectators by coming to service at the college chapel in the old traditional style, namely, a tall hat and an M.A. gown. (Antiquaries have not unearthed this custom at Oxford.) During the Second World War he was to be seen proceeding from the Foreign Office, where he was the Librarian for many years, in spats, sponge-bag trousers, a bow tie and a starched upright collar, not white but bright bespeckled pink, its points boring into his lower jaw.

Maynard and Gaselee were widely opposed in opinions and temperament. Gaselee was a Tory and an unbending churchman. But they had much, as well as their maturity, in common. Gaselee had read widely and was a witty talker and shared Maynard's interests in later Latin. They were also both keen book collectors. Maynard soon made the acquaintance of Mr. Arthur Cole, also one year senior, who shared the taste, and was his lifelong correspondent on these matters. Mr. Charles Sayle, Deputy Librarian of Cambridge University Library, was eager to spot undergraduates with a book-loving taste. One day in 1903 he and Cole decided to form a society of book-lovers, which was named the Baskerville Club. Maynard and Gaselee were roped in on the following day, and two or three more were added. Their meetings were usually at breakfast time, Cole acting as secretary. Maynard was an active member and bought many Baskervilles during his undergraduate days. Maynard also spent much time with Dr. Montague James,¹ a scholar of immense learning, who was a guide in questions relating to old books and manuscripts, and an expert in late Latin literature, to which Maynard was continuing to devote a considerable amount of his attention.

Gaselee was also a companion in amusement, particularly at the bridge table. Maynard was fond of bridge, both as an undergraduate and later as a don. Gaselee, while he was still up, Dilly Knox, Page and Adcock were among those who often played. After the Annual Founder's Feast at King's Maynard always insisted upon what he called a "*Rubber in Piam Memoriam*". He was a respectable but not a great player, always ready to take a risk for the sake of trying out some new idea. Knox was first-rate in his knowledge of the game and the lie of the cards, and was equally ready to take risks, but he had a touch of genius in him, and his risks more often led to triumph than to crashes. Maynard thought out the situation with his usual lightning celerity, and he used to say, when the players took a little time to ponder upon the situation: "What do you think about when you play bridge?" Professor Adcock recalls an occasion when Knox played an unusually surprising card which caused even Maynard to pause. The same thought leapt simultaneously to the minds of the other three, and they turned upon him in chorus, "What do you think about when you play bridge, Maynard?"

¹ Provost of Kings, 1905-1918; Provost of Eton, 1918-1936.

When he could not get a four, in later days, he sat in Combination Room playing demon patience. I once challenged him on the ground that it lacked skill and therefore interest. He replied that it was all the better recreation for that, but that it had its excitement. It is a form of patience which comes out seldom, and he knew how often on average. He played to succeed twice running. His interest in the theory of probability made him intrigued to see if this double event occurred with the proper frequency. He went so far as to organise others in the Combination Room to play and to count their failures and successes. He even mentioned "thrice running"; but I do not recollect if he claimed to have achieved it.

There was at this time an undergraduate at King's, two years senior to Maynard, who carried one forward on the road of higher education further than one could be led at Eton. He was a young man of cherubic countenance, who had been to school at Dulwich. In his early years, when he came to read the plays of Shakespeare, and when he proceeded to read the Greek dramatists, and to read Homer, the beauty of the poetry, the humanity of the characters, and the pattern and unity of the compositions, gripped and possessed him, and became for him then, as they continued to be, the most important facts of existence. This was Mr. J. T. Sheppard. Not only was his soul fired by these ancient beauties, but he felt a strong inner impulse to convey his impression, to explain and expound, and to make others share his secret understanding. Mr. A. H. Smith (now Warden of New College) remembers his early enthusiasms at Dulwich.¹

Mr. Sheppard has retained his cherubic lineaments during the long years of his academic career; but his hair grew prematurely white, and, by a slight affectation, he made it a habit to stump about leaning on a stick, as though oppressed with his years. As one watched him in his vivid conversation, he seemed

¹ Dulwich at this time seems to have been remarkably fertile in the production of men of strongly individual genius. In one year there were three, of each of whom severally it could be said that, in type of mind and in mode of self-expression, they were utterly unlike any other human being, namely Mr. P. G. Wodehouse, Mr. J. T. Sheppard (Provost of King's College Cambridge), and Mr. A. H. Smith (Warden of New College Oxford). Mr. P. G. Wodehouse has conveyed his exquisite fancies to the million. But the smaller number who have sat at the feet of Mr. Sheppard, and the still smaller number who have listened to the narrative style, or studied deeply in the philosophical work, of Mr. A. H. Smith, will agree that these two have an originality not less intense than that of Wodehouse. And a few years before, Dulwich produced Mr. G. E. Moore, the originality of whose genius was as strongly marked as that of the others.

at one moment still the charming young schoolboy, at another the venerable sage. At times -- was it possible? -- one had the impression of the two qualities magically fused. That surely was as it should be in one who sought to convey the essence of Greek art, which itself so perfectly fused the passionate susceptibilities of youth with the wisdom of the ages.

He was an admirable performer on the stage. His undergraduate rendering of Peisthetairos in Aristophanes' *Birds* in 1903 is still remembered. The *Granta* wrote: "Mr. Sheppard was splendid throughout. His energy never flagged; we heard every word he said; he made all his points with most telling force; above all he was inimitably funny. In the scene with the Priest he was at his best. The way in which Peisthetairos attempted to join seriously in the ceremony of sacrifice, but was overcome first by his sense of humour, and then by boredom, brought the house down." He became a classical tutor at King's. Over many years he has also devoted his gifts to productions of Greek plays, of which the most famous was that of Aeschylus's trilogy on *Orestes* in 1919. This ushered in a very notable era of theatrical productions in Cambridge.

There was a touch of the dramatic in his manner of lecturing. Besides the lectures intended for classical specialists, he gave some of a more general character which drew large audiences. As time went on, he became less restrained in his mannerisms and was led on to use violent gestures in his intense anxiety to convey his vision. He waved his arms and tore his white locks. I once saw him in a lecture on the *Frogs* of Aristophanes to a society of staid grammarians at Oxford, leap across the room with astonishing agility. Critics objected that it was not the spirit of the Greek authors, but his own, that he was interpreting. But is there any other way of conveying an aesthetic impression save by distilling it through one's own personality? Sheppard felt that he must adopt every device that lay to hand, in order to kindle his listeners' imagination. His lifelong assiduity in his missionary task, using in these later days the medium of the wireless with success, has been of notable value in keeping classical beauties alive in the minds of this generation.

As an undergraduate, he was also an accomplished speaker at the Union and became President in the term before Maynard. He was a dashing figure. In his postgraduate year he had a hansom cab on charter to convey him from place to place in

Cambridge at his pleasure. He and Maynard soon became intimates. Their friendship was destined to ripen through a long period of co-operation as Fellows of King's College.

Maynard had been barely a month at King's when he wrote this letter to Swithinbank :

J. M. Keynes to B. W. Swithinbank, 13th November 1902

O SWITHIN, SWITHIN,

The reasons that I have not writ to thee is because I am too full for words.

I wanted to see you when I came down to wall, and then you and Macmillan (to whom give my love) go for leave like a pair of so-called owls.

I have never enjoyed myself so much before, Sir ; and if I write I must needs gush, and gush in a letter is damned offensive.

I have very much increased my knowledge of the affairs of this world and even more of the next.

I know nice people. I have bought over fifty books this term.¹ I row hard every afternoon without exception, and I never go to bed.

What more can heaven offer me ?

Take my programme last Sunday evening.

Immediately after hall I went to a Trinity Essay Society and heard a most brilliant satire on Christianity.² From there I went to an informal philosophical debating society of interesting people where I stayed till nearly twelve ; I then went to see Monty James where I stayed till one ; from there I went on to another man with whom I talked till half past four. At half past seven I got up and read the Lesson in Chapel.³ I had four hours' work that morning, and rowed half a course in the afternoon. In the evening I went as a visitor to the Political Society to hear a paper on the Jesuits . . . and so on.

I am going down for St. Andrew's Day.

¹ Later in the term he bought a magnificent edition of Vergil in three volumes which belonged originally to Adam Smith, and a set of about twenty Elzevirs.

² This was a paper by Lytton Strachey, entitled " Colloquies of Senrab," which created a sensation. " Senrab " was the backward spelling of Barnes, a brother of the Bishop of Birmingham, who had previously read a paper on " Intellectual Snobs ", directed against Strachey and his friends.

³ Maynard read again on the following Sunday, by invitation. " Cranage, the Sorleys, and others have spoken of M.'s reading in Chapel yesterday. He seems to have pitched his voice successfully and to have been heard well. Sorley tells F. [Mrs. Keynes] that he hears M. is the most popular man in King's." (Extract from Dr. Keynes' diary).

The President of the Union has put me on the paper to speak
next Tuesday,

Ever yours,

J. M. KEYNES

2

Towards the end of his first term, Maynard, responding to a knock on his door, found in the passage two men who were regarding him for the first time. One was lean and tall, the other leaner and taller and with moustache. They introduced themselves: Mr. Leonard Woolf, Mr. Lytton Strachey. They had come to pay a call. He bade them enter. They drew him out in conversation, and, we may be sure, he responded readily. After a time they rose to go, and, muttering something about the hope that he would come and have tea with them and meet the philosopher, Mr. G. E. Moore, they took their leave. Very nice, rather flattering, but surely a little mysterious.

There used to exist at that time in Cambridge a club of considerable age, which was known as "The Society". It was founded in the eighteen-twenties by F. D. Maurice and his friends. Tennyson and Hallam were members together.

Another name was on the door :
I linger'd ; all within was noise
Of songs, and clapping hands, and boys
That crash'd the glass and beat the floor ;

Where once we held debate, a band
Of youthful friends, on mind and art
And labour, and the changing mart,
And all the framework of the land.¹

The society was very skilful in its choice of members ; William Harcourt and Clerk-Maxwell had both belonged, and, at a period shortly before that in which we are interested, Maitland, Walter Raleigh, McTaggart, Alfred Whitehead, and Lowes Dickinson. At the beginning of the twentieth century the number of undergraduate members was very small, barely exceeding six. But the young dons who had been members continued to take part, and other young men made a point of going up from London rather frequently to attend its meetings. The Society was a secret one. But there have been a number of references to it in English literature, and, since it was remarkably successful in preserving

¹ *In Memoriam*, canto 87.

its characteristics throughout the generations, it may be well to cite two descriptions of it.

Dean Merivale was a member at the same time as Tennyson. He was elected in 1830 immediately after taking his B.A. degree. He writes¹ of the autumn of 1830, as follows :

Most happily for myself, I fell just at that time into a society of able and studious youths of my own standing with most of whom I had little if any acquaintance before but with whom I soon became familiar, and lived in constant intercourse of the utmost intimacy ; men, many of whom I felt to be much my superiors in ability, from most or all of whom I derived knowledge and insight into men and things, yet with all of whom I could more or less hold my own place and feel myself appreciated to my satisfaction. Many of this set have continued to be my close friends through life ; several of them survive ; from some, the inevitable changes and chances of life have separated me, far and long. But I am sure we all have ever felt and still feel a certain freemasonry of sympathy which binds us implicitly to one another as brethren of one family. Our common bond has been a common intellectual taste, common studies, common literary aspirations, and we have all felt, I suppose, the support of mutual regard and perhaps some mutual flattery. We soon grew, as such youthful coteries generally do, into immense self-conceit. We began to think that we had a mission to enlighten the world upon things intellectual and spiritual. We had established principles, especially in poetry and metaphysics, and set up certain idols for our worship. Coleridge and Wordsworth were our regular divinities, and Hare and Thirlwall were regarded as their prophets ; or rather in this celestial hierarchy I should have put Shakespeare at the top of all, and I should have found a lofty pedestal for Kant and Goethe. It was with a vague idea that it should be our function to interpret the oracles of transcendental wisdom to the world of Philistines, or Stumpfs, as we designated them, and from time to time to call forth from this world the great souls who might be found capable of sympathizing with them, that we piqued ourselves on the name of the " Apostles " --- a name given us, as we were sometimes told, by the envious and jeering vulgar, but to which we presumed that we had a legitimate claim, and gladly accepted it. We lived, as I said, in constant intercourse with one another, day by day, meeting over our wine or our tobacco ; but every Saturday evening we held a more solemn sitting, when each member of the society, about twelve in number, delivered an essay on any subject, chosen by himself, to be

¹ *Autobiography of Charles Merivale*, ed. Judith Anne Merivale, privately printed Oxford 1898, pp. 98-9. Publ. Arnold, London, 1899, pp. 80-81.

discussed and submitted to the vote of the whole number. Alas ! alas ! what reckless joyous evenings those were. What solemn things were said, pipe in hand ; how much serious emotion was mingled with alternate bursts of laughter ; how everyone hit his neighbour, intellectually, right and left, and was hit again, and no mark left on either side ; how much sentiment was mingled with how much humour ! Who is the poet who says, and how aptly he might have said it of us ? —

Witty as youthful poets in their wine ;
Bold as a centaur at a feast ; and kind
As virgins that were ne'er beguiled with love.

The style of our lucubrations may be illustrated perhaps by a saying of one of our profound philosophers, Jack Kemble : “ The world is one great thought, and I am thinking it.”

Much of this description coincides exactly with the testimony of those who were members seventy years later.

Henry Sidgwick was elected in 1856-7. His own account is published in *A Memoir*.

I became a member of a discussion society — old and possessing historical traditions — which went by the name of “ The Apostles ” When I joined it the number of members was not large, and there is an exuberant vitality in Merivale’s description to which I recall nothing corresponding.” [Mid-Victorian solemnity evidently descended upon the Society for a time.] “ But the spirit, I think, remained the same, and gradually this spirit — at least as I apprehended it — absorbed and dominated me. I can only describe it as the spirit of the pursuit of truth with absolute devotion and unreserve by a group of intimate friends, who were perfectly frank with each other, and indulged in any amount of humorous sarcasm and playful banter, and yet each respects the other, and when he discourses tries to learn from him and see what he sees. Absolute candour was the only duty that the tradition of the society enforced. No consistency was demanded with opinions previously held — truth as we saw it then and there was what we had to embrace and maintain, and there were no propositions so well established that an Apostle had not the right to deny or question, if he did so sincerely and not from mere love of paradox. The gravest subjects were continually debated, but gravity of treatment, as I have said, was not imposed, though sincerity was. In fact it was rather a point of the apostolic mind to understand how much suggestion and instruction may be derived from what is in form a jest — even in dealing with the gravest matters.

I had at first been reluctant to enter this society when I was asked to join it. I thought that a standing weekly engagement for a whole evening would interfere with my work for my two Triposes. But after I had gradually apprehended the spirit as I have described it, it came to seem to me that no part of my life at Cambridge was so real to me as the Saturday evenings on which the apostolic debates were held; and the tie of attachment to the society is much the strongest corporate bond which I have known in life. I think, then, that my admission into this society and the enthusiastic way in which I came to idealise it really determined or revealed that the deepest bent of my nature was towards the life of thought — thought exercised on the central problems of human life."

A more elaborate description of the procedure and constitution is also to be found in the *Memoir*¹ on pages 29-32.

Strachey and Woolf had come to vet Maynard. He was elected in February 1903, and his membership of the Society during his undergraduate days had a profound influence on his whole life.

What were the characteristics of the Society, which made so deep an impression on distinguished men at widely different dates? Most notable was the sense of brotherhood and the "utmost intimacy" into which its members fell quite naturally and at once. By what elixir did it succeed in preserving this happy feeling of comradeship through so many decades? We must accept this characteristic as a fact, for the testimony is unanimous. In the light of it, it is easy to see why the Society had such influence. To be able easily and openly to discuss profound questions, such as harass and perplex the spirit of young men, with others of the same age or somewhat more experienced, hand-picked for their intelligence and suitability of character, must needs be a godsend. One could unburden one's soul; one could bring one's most secret thoughts out into the open; one could subject them to wise and friendly comment. Quicker progress was possible in that way towards the achievement of inner harmony. One was brought into contact too with the problems of others, which might be new and strange and open out great vistas of thought.

In most undergraduate societies of purely intellectual purpose, there is a tendency for members when on the carpet in front of the fireplace to think that they must shine. (Cambridge, surely,

¹ By Mrs Sidgwick and Mr. Arthur Sidgwick.

cannot be totally different from Oxford in this respect.) Erudition may be brought out for display, designed to impress the audience with the speaker's extensive knowledge. This would not be well regarded by the Society. Any learned reference not arising spontaneously and necessitated by the train of thought, was considered to be in bad taste. Or again, in other societies, argumentation may be the strong point. It is up to X, having enunciated a certain proposition, to display his forensic ability in defending it against the onslaughts of Y; all ingenuities of dialectic are encouraged, even although X is beginning to suspect that he has the worse case. This was not in the tradition of the Society. It was understood that as soon as a member began to feel doubtful of his own opinion, he would express his doubts frankly, and perhaps retreat from it.

The primary aim of the discussion, which every member had steadily before his mind, was to achieve the truth. To this end all egoisms had to be suppressed. The subjects discussed were always of a fundamental kind, touching those central opinions which make the man. Tennyson's list is comprehensive; Merivale tends to stress transcendental philosophy. At the beginning of the twentieth century there was emphasis on philosophy, although no doubt the discussion would not normally have become involved in purely technical questions. It seems evident that Sidgwick's experience in the Society was not unconnected with his religious doubts. But by Maynard's time problems connected with orthodox creeds had receded into the background.

There is one point on which the testimony is not quite undivided. Some hold that a prime article of faith was unworldliness, so that a member would become disinclined to take pains and encompass manoeuvres directed towards a successful worldly career for himself. Others are inclined to be doubtful on this point. The coterie, known as "Bloomsbury", of which we shall hear more, was undoubtedly unworldly in its outlook and was strongly influenced by some who had been members of the Society. It would be wrong, however, to argue from characteristics of Bloomsbury to the nature of the Society itself.

The truth is probably akin to, but subtly different from, that expressed by the creed of unworldliness. For the Society, truth was the paramount objective, and absolute intellectual integrity the means of achieving it. There was certainly a feeling that Apostles were different from ordinary mortals. For purposes of

practical life an Apostle had also, of course, to be an ordinary mortal; and it might be that he would set himself to plan and contrive in order to win position and influence in the world. That was a matter of indifference to the Society, not of reproach. On the other hand, if an Apostle did none of these things, but devoted himself unostentatiously and with small worldly means to some line of thought or to achieving an inner spiritual harmony, that was excellent. As regards the ambitious, the saving clause would be that at heart they should be seeking to promote what they honestly believed to be a good cause.

Maynard fell in part into both categories. He certainly did not map out his life in its early stages in a way that would exploit to the full the power, which his brilliant gifts gave him, to achieve a great worldly position. On the other hand he can by no means be described as altogether unworldly. He desired to influence the course of events. He was not unmindful of valuable contacts and worldly ways and means for achieving desired results. He went beyond what the Bloomsbury coterie thought fitting for someone who sought the good life. There may have been a certain ambivalence in Maynard in this respect, some inner force which prevented him at times from adopting all the expedients which would come naturally to a worldly man, in the full sense of that word, in his endeavour to attain his ends. This ambivalence may have had important consequences at certain crucial points in his career. If we hold that the austere canons of the Society were in this respect some hindrance — and it may be deemed that humankind was the loser from any inhibitions he may have had in advancing himself — we must always remember that by his contact with the Society his faith and vision were sustained. And it is these, rather than any worldly success in Britain, that have contributed to his world-wide influence.

Of his sense of the importance of the Society to him there can be no doubt.¹ He always observed the rule of secrecy with extreme strictness, although he was by no means a person who rejoiced in exaggerating rules of “official secrecy” beyond their usefulness. Many close friends were totally unaware of the existence of the Society. It would not be an exaggeration of language to say that it served him, in some respects, in place of a religion. The sense of brotherhood, the communion of souls, “the mission to enlighten the world on things intellectual and spiritual”, “the established

* ¹ Cf. refs. on p. 113 below.

principles" making Truth the supreme objective of man, the canons of integrity and sincerity, the relative antiquity, certain rites carefully observed at meetings, the use of words with meanings not understood by the uninitiated, all responded to certain spiritual cravings which orthodox churches seek to satisfy.

3

Henry Sidgwick died of cancer in 1900 at the age of sixty-two. Other philosophers of eminence were already established in Cambridge. We have seen Maynard bidding his friends to go to the lectures of McTaggart. Alfred Whitehead and Bertrand Russell coming together at this time, but separating later, were engaged on those great philosophical speculations which will, no doubt, outlive other Cambridge philosophical productions of our period. In 1902 a new star had recently risen above the horizon, in the person of Mr. G. E. Moore. For the time he had much the greatest influence on the intellectual youth. Undergraduate members of the Society chose their own new members -- with most meticulous care. It was usually thought well to introduce them to the discriminating inspection of G. E. Moore, before deciding to put them forward. Moore was a paramount influence in the Society. But it is time to desist from prying into the affairs of that august body, for its members wished them to be secret, and those wishes should be respected, so far as our purpose allows. Moore's influence in Cambridge was of much wider ambit, and as such we may consider it. His views on moral questions were well known there some time before the publication of *Principia Ethica*.

This appeared in the autumn of 1903.¹

J. M. Keynes to B. Swithinbank, 7th October 1903

I have just been reading Moore's *Principia Ethica*, which has been out a few days -- a stupendous and entrancing work, *the greatest* on the subject.

Whence came his influence? There was his style. Readers of his works are familiar with the fascinating, indeed spell-binding,

¹ Students of Mr. Forster's *Life of Lowes Dickinson* should note that the appearance of *Principia Ethica* is there misdated (p. 111).

way in which, with twists and turns and elaborate convolutions of phrase, with plentiful use of italics, he succeeds in conveying thought, clear, distilled, purified, its very quintessence finally expressed so that it is impossible to mistake his meaning. Maynard once told me that he thought that Moore had carried the use of ordinary speech as far as it would ever be possible to carry it, in conveying clear meaning. For still greater precision one would have to proceed by mathematical symbols.¹

And then there was the man himself. His devotion to truth was indeed palpable. In argument his whole frame was gripped by a passion to confute error and expose confusion. To watch him at work was an enthralling experience. Yet, when the heat of argument died down, he was the mildest and simplest of men, almost naïve in unphilosophical matters. He was friendly to the young, approaching them on natural and equal terms. Despite his *naïveté*, he seemed to have understanding. In human questions he had none of that intolerance or crabbedness which so often marks the academic man of thought. He was happy and at ease in discussions beyond his proper range. There was no question of his being shocked, and the young had no inhibitions in his presence. When Strachey made one of his subtle, perhaps cynical, perhaps shocking, utterances, the flavour of which even his clever undergraduate friends did not at first appreciate at its full value, Moore was seen to be shaking with laughter. If the veneration which his young admirers accorded him almost matched that due to a saint, we need not think that they were mistaken. It does not follow that the doctrines set forth in *Principia Ethica* are infallible.

If questioned on Moore's most important contribution to ethics, his admirers—outside the ranks of professional philosophers—are apt to recall his doctrine that "good" is an attribute, the meaning of which is indefinable. It may be held that Moore should not be regarded as the originator of this doctrine. He himself makes generous acknowledgment in the *Principia* to Henry Sidgwick. Sidgwick's arguments, however, are not so pointed as Moore's, nor collected into so formidable a battle array; they are to be found scattered about in his large volume on *The Methods of Ethics*; and his style is altogether less readable. I remember Alfred Whitehead telling me that he had read *The Methods of Ethics* as a young man and found it so stodgy

¹ Cf. *A Treatise on Probability*, by J. M. Keynes, p. 19.

that he had been deterred from ever reading any book on ethics since.¹

This same doctrine was very familiar in the lecture rooms of Oxford when I was an undergraduate there (1919-1922). It was sometimes enunciated in the proposition that "the good can only be defined in terms which pre-suppose an understanding of what it is". We need not consider whether this rigmarole is more or less precise than Moore's "indefinable". The arguments used in Oxford to sustain this position resembled fairly closely those which appear in *Principia Ethica*. They were propounded by an important group of philosophers, who had broken away from the older Oxford tradition of idealism, and had been strongly influenced by J. Cook-Wilson. It is not clear, however, what progress had already been made in Oxford in the development of this line of thought when *Principia Ethica* appeared.

The doctrine of indefinability has the consequence that decisions about what is good depend on direct intuition in each particular case. The interpretation given in Oxford to this consequence was widely different from that in Cambridge. In Oxford — no doubt owing partly to the special attention paid to Aristotle's *Ethics* — great reliance was placed on what may be called traditional morality, embodying the intuitions of wise men through the ages. In Cambridge the doctrine of intuition was interpreted — anyhow by those disciples who were to be for many years the intimate intellectual companions of Keynes — as giving fairly complete licence to judge all things anew.

There was another important difference between the Oxford doctrine, as it developed in these years, and that of the *Principia*. Oxford philosophers produced for the edification of their pupils a second "indefinable", namely duty. The arguments which they used in defence of the indefinability of duty were similar to those used in the case of "the good". The trouble about these indefinables is that, once you accept one of them, they tend to proliferate. In my own person I have never been convinced by the arguments used by Moore or by those used at Oxford.

The independent status given to the concept of duty by Oxford philosophers also fostered an outlook very different from

¹ Not having at that time a specialist interest in the development of Cambridge thought on these topics, I did not reply then, as I certainly should now — "But surely you have read Mr. Moore's book".

that of the Cambridge intellectuals. In one's general view of things, when going out into the world to face the practical problems of life, it makes an enormous difference to one's point of view whether one holds that one must judge one's own actions according to whether or not they tend to promote some ultimate good which one may have in mind, or supposes oneself limited on every hand by a number of hard and fast duties, intuitively recognised as such.¹ This was relevant, as we shall see, to the great issues of conscience presented by the First World War; Keynes himself thought it his duty to assist the war effort, but many of his greatest friends did not, and this had further consequences.

Moore had indeed a chapter (ch. 5) containing a discussion on moral obligation. During the First World War some friends, many of whom belonged to this Cambridge period, founded a Club entitled "The Memoir Club". Two papers read to this Club by Keynes have been published.² In one of these memoirs ("Early Beliefs") he gave a full account of Moore's influence. Referring to the chapter on moral obligation he wrote:

There was one chapter in the *Principia* of which we took not the slightest notice. We accepted Moore's religion, so to speak, and discarded his morals. Indeed, in our opinion, one of the greatest advantages of his religion was that it made morals unnecessary — meaning by "religion" one's attitude towards oneself and the ultimate, and by "morals" one's attitude towards the outside world and the intermediate.

Moore's disciples were not altogether to blame for this attitude. He wrote this chapter rather in the style of one making a concession to what was necessary, and as though he was not deeply interested. It is in marked contrast to the flaming advocacy of the other chapters. Furthermore the argument is somewhat halting, and it is evident that he had not thought deeply about the difficulty of relating the "good", at which we should aim, to conduct in the practical affairs of life. There is in fact a very great gap in his treatise; one-half, or more, of what is important for practical ethics is omitted.

¹ In a later work, *Ethics* (Home University Library, 1912), Moore appears to embrace the view that duty is also an indefinable. (See page 173.) I am grateful to Sir David Ross for calling my attention to this development. It had, I believe, no influence on, if indeed it was noticed by, the intellectuals with whom we are concerned.

² *Two Memoirs*, by J. M. Keynes. Publ. by Rupert Hart Davies, 1949.

While the doctrine of an indefinable good seemed to give emancipation from earlier preconceptions, positive direction to one's thoughts on ethical matters was to be found in Moore's chapter on "The Ideal". Keynes' memoir should be read in conjunction with this chapter. Here Moore set out what things are good in themselves. His list is a short one, containing two items — "the enjoyment of beautiful objects", and "the pleasures of human intercourse". There is no need to quarrel with these items; they are both of them, undoubtedly, supreme goods. But what a world is left out! As Keynes observed in his memoir: "it is remarkable how oblivious he managed to be of the qualities of the life of action, and also of the pattern of life as a whole".¹

Looked at from a broad point of view, Moore's list of "goods" is cloistered and anaemic. This is not to deny that it may have been of great value in its own place and time. It challenged his readers to a revaluation; it made a clean sweep of the past; it stimulated the young to new thoughts and enthusiasms; it caused an intellectual ferment; it held out the promise of a new world of ideas to be conquered. The artist who created beautiful objects was put on a pillar of pre-eminence. Most philosophers, while having their chapters on aesthetics, seem merely to be paying lip service to it. And how much worse is the case of important men of affairs in regard to artistic matters, with their patronising philistinism.

It may have been well, also, at that time to focus attention upon the problems of human relations and love. The severities of Victorian morality in placing all the stress on what was expedient, on what was necessary to sustain an ordered society, seemed in danger of losing sight of the purpose of society. If a home was unhappy — as many Victorian homes were — it was necessary to use the stiff upper lip, and endure sorrows for the good of the social order. But what was this good? It was

¹ The pleasure of personal human intercourse may be regarded as comprised by the general expression, Love, in the broadest sense of that word. Even his treatment of love is, however, unsatisfactory — and rather curious. He emphasises the importance of corporeal qualities; it is a prime evil for anyone to be in a state of admiring contemplation of what is ugly; on the other hand, he is apt to speak of "lust" as something to be condemned. By putting his doctrines together, one would reach the conclusion that one of the most evil things that can happen in the world, is to be carnally attracted by an ugly person. This is rather hard lines on a large minority of the human race! The matter would be made even worse if that person had faulty artistic taste.

certainly well to remind this great materialistic society, which was so harsh in its conventional morality, that after all the object of all these rules and conventions was precisely to achieve happy personal relations. A great revaluation was indeed due; but it was important that in this revolution of ideas we should not degenerate into a mere attitude of "do as you like", but should have our standards maintained by the unworldliness of Moore's chapter on "The Ideal", of which Keynes said: "I know no equal to it in literature since Plato, and it is better than Plato because it is quite free from fancy. It conveys the beauty of the literalness of Moore's mind, the pure and passionate intensity of his vision, unfeigning and undressed up."¹

It must be noticed, however, that the practical value of Moore's concentration on these particular forms of "good" depended upon what I have called the presuppositions of Harvey Road, namely the security and good order of the British Empire. That institution was maintained by many people acting in accordance with moral laws, the philosophical justification of which they may not have understood and would not have found explained in Moore. Within the framework of a secure society thus kept in being, it was possible and desirable to make new experiments, and to set one's eyes fixedly upon certain ideals, too long neglected. It might not matter if certain other principles necessary for the maintenance of an ordered society were temporarily overlooked.

But let there be a threat to this security. Where find in the *Principia* a guide to duty? Moore's book only comprises a fragment of the moral story. If his ideals are to retain their place, they must be integrated into a wider philosophy, which, while doing honour to them, would have something more adequate to say about the nature and rationale of the social obligations on which a civilised society rests.

In his memoir Maynard gives a critical analysis of the state of mind of himself and his friends in their youth.

We were amongst the last of the Utopians, or meliorists as they are sometimes called, who believe in a continuing moral progress by virtue of which the human race already consists of reliable, rational, decent people, influenced by truth and objective standards, who can be safely released from the outward restraints of convention and traditional standards and inflexible rules of conduct, and left, from

¹ *Op ut* p. 94

now onwards, to their own sensible devices, pure motives and reliable intuitions of the good.¹

In short, we repudiated all versions of the doctrine of original sin, of there being insane and irrational springs of wickedness in most men. We were not aware that civilisation was a thin and precarious crust erected by the personality and the will of a very few and only maintained by rules and conventions skilfully put across and guilefully preserved. We had no respect for traditional wisdom or the restraints of custom. We lacked reverence, as Lawrence² observed and as Ludwig³ with justice also used to say - for everything and everyone. It did not occur to us to respect the extraordinary accomplishment of our predecessors in the ordering of life (as it now seems to me to have been) or the elaborate framework which they had devised to protect this order. Plato said in his *Laws* that one of the best of a set of good laws would be a law forbidding any young man to enquire which of them are right or wrong, though an old man remarking any defect in the laws might communicate this observation to a ruler or to an equal in years when no young man was present. That was a *dictum* in which we should have been unable to discover any point or significance whatever. As cause and consequence of our general state of mind we completely misunderstood human nature, including our own. The rationality which we attributed to it led to a superficiality, not only of judgment, but also of feeling.

The comment is just. But it may be that the imperfection of their view was due not only to this neglect of certain characteristics of human nature, but also to defects in their philosophical bible.

4

Among the undergraduates who arrived at Trinity in the year 1899, five soon became intimate friends. When Maynard went up three years later, he found them there, a close circle, and was adopted by them. These men were Thoby Stephen, Clive Bell, Saxon Sydney-Turner, Leonard Woolf and Lytton

¹ It has been pointed out to me, I judge correctly, that these friends did not actually attribute these high qualities to the majority of mankind; there was in fact a good deal of disdain for that majority. Nevertheless Maynard is right in holding that their ethical code — or lack of code — was only defensible on the assumption that these qualities were in fact present.

² D. H. Lawrence.

³ Ludwig Wittgenstein.

Strachey. Very soon after their arrival they founded the "Midnight Society" which gathered at twelve on Saturday evenings and proceeded to read some serious play. An arduous beginning to a lifelong intimacy!

Thoby Stephen, son of Leslie Stephen, was the most mundane of the party. He came of a cultivated home, was well read, and liked to talk to these friends about books; he was good-looking, had sporting interests, and formed a link with the wider world of Trinity. He had qualities which made him greatly beloved; but he was entirely unselfconscious about his charms; he was spontaneous in his friendship, and, by his poise and self-confidence, a pillar of strength in this intensely intellectual and somewhat introspective group. He was known to them as "the Goth". Of the other four, the closest to Thoby was perhaps Clive Bell, "a gay and amiable dog", as Maynard calls him,¹ less oppressed by the cares of humanity than the others, full of life and sparkle, an unending source of cheerful gossip. He was deeply interested in the visual arts and this provided a link between him and Lytton Strachey. Saxon Sydney-Turner, "the quietist", was the most scholarly. He was a classic, and later perpetrated more than one of those incredible *tours de force*, the Latin Epilogues performed after the production of a play by Plautus or Terence at his old school, Westminster. He shared with Leonard Woolf the view that human prospects were very black. He was of amiable disposition, and a staunch friend, and continued to be an intimate and highly valued member of this group, indispensable in any reunion. His life has been spent in the British Treasury. Leonard Woolf was an ardent spirit, then, as always, the fearless champion of the oppressed. In political opinions he was probably the most leftward of the party. Of sensitive and discriminating intelligence, and interested in art and literature as well as in politics, he was a delightful intellectual companion.

Lytton Strachey was one of a family of thirteen (ten surviving infancy). He was delicate in his childhood, and remained so. His school education was fragmentary; yet at nineteen he seemed in many respects more mature than most Cambridge freshmen. Two features of his youth stand out. One was his incessant reading from early years. His mother was devoted to Elizabethan literature, and she began to read Shakespeare and other Elizabethan playwrights aloud to him when he was barely three, and

¹ *Op. cit.* p. 81.

at an early age she introduced him to French literature. She was a woman of remarkable gifts, a friend of Huxley, George Eliot, Henry Maine and other illustrious men and women of the time. She was also interested in painting and music. Modern ideas began to infiltrate, for we learn that, before the end, Roger Fry was an occasional visitor. And there, in the bosom of the family, in addition to all the others, was the young cousin Duncan Grant, in the charge of Lady Strachey, his paternal aunt, while the Grants were in India. Duncan's painting activity began early.

The second characteristic was the incessant fun and laughter. To use a word not dignified but appropriate, Lytton seemed to his sisters to be giggling fairly continuously from the age of three to nineteen. There were the habitual jokes of childhood, fanciful nicknames, endless conversations in dog French, acting, ragging, playing jokes on visitors, not practical but subtle and disconcerting. The round of fun was hectic and delirious, and Lytton's inventive-ness seemed endless.

Being delicate he was sent with two or three other boys to coach with Mr. Forde at Poole Harbour. He had his youthful adventure; routine was broken by a trip, first to Gibraltar, and then through Egypt to the Cape, when he was twelve years old; there was some connection between this trip and the journeyings of his father, Sir Richard Strachey, who was a great Indian Administrator. Lytton had to travel alone with his older sister Dorothy (Madame Bussy) to Gibraltar. She recalls that his father gave instructions that, if anything went amiss in the Bay of Biscay, they were not to spare the champagne. Sitting together in the cabin they obeyed this instruction to the letter. Thus Lytton received his initiation even earlier than Maynard!

Having returned for a time to Mr. Forde, he was sent by his mother to Abbotsholme, a school in Lancashire, conducted on modern lines, somewhat under the influence of Edward Carpenter. It appears that this did not suit him. He was withdrawn after a term and proceeded to Leamington College, where he spent between three and four years. This was a small school, chosen for that, but run on more conventional lines than Abbotsholme. It may be well that his energies were not overtaxed there, and that his reading continued apace.

His next port of call was Liverpool University, to which he went at the age of seventeen. This was due to the presence of Sir Walter Raleigh, whose influence was important. It is pleasant

to think of the mutual regard felt for one another by these two fine geniuses of literature.¹ We may be sure that Raleigh's beautiful dry humour was not lost upon Strachey. Raleigh was in the van of a shift of critical values. Cultivated persons of the late-Victorian period were no doubt well read in our earlier masterpieces, but they were inclined to be over-zealous in their admiration of the Victorian pontiffs; they gave the classics their meed of praise, but with an inflection which implied that the older masters were a little archaic, of the past, hardly really significant for current problems, having been superseded by the Victorian giants, with their greater depth and more spiritual vision. Raleigh served to restore a sense of proportion, and Strachey in this sense may be regarded as his disciple.

But he was not officially studying literature at Liverpool; his subject was history; and he often expressed indebtedness to Professor Mackay. He was introduced also to social problems, being taken round the worst parts of Liverpool by Dr. Stookes with whom he lodged. He made a lifelong friend in Lumsden Barkway, since Bishop of St. Andrews. Although they were bound by ties of mutual amity, their intellectual points of view were not coincident. The Bishop has written a valuable treatise on *The Creed and its Credentials*. Strachey at one time thought of writing a Life of Christ, and is recalled as having given as his reason for abandoning the project "that it was impossible to find evidence for his actual existence".

His mother wished him to go to Balliol College, Oxford. The Balliol authorities were somewhat perplexed by the oral examination. Mr. Strachan-Davidson told Lady Strachey that he would probably be happier at a smaller college. So she sent him instead to Trinity College, Cambridge.

His début there was not an unqualified success. Weird in appearance and in his manner of speaking, paradoxical in the substance of what he seemed to be saying, in so far as it was possible to make head or tail of it, he was an object of some doubt in the minds of many Trinity undergraduates. To balance this, he quickly gathered round him the circle of interesting friends whom I have already named. And senior men, such as Mr. Desmond MacCarthy and Mr. E. M. Forster, were not slow to be

¹ Cf. *Letters of Sir Walter Raleigh*, edited by Lady Raleigh, II, 479-82. In the letter of 13th May 1918 Raleigh suggested that Strachey should write the Life of Queen Victoria.

impressed by his fine intellect. A word should be said about his voice, which was a subject of general and unfavourable comment, being, on first acquaintance, his most noticeable characteristic. It broke late, and, to the end of his life, it went into a high pitch on the emphatic termination of a sentence. The complaint was that it was extremely affected, even being used by him to make an utterance sound impressive which had nothing else to commend it. On the whole, the charge of affectation is probably false. The intonation was certainly very peculiar, but this was a family characteristic. The brothers and sisters shared it with him, and were often recognised as Stracheys by total strangers in remote parts of the globe. It need not be denied, however, that he occasionally exaggerated his native inflections for effect. There are recollections of his uttering whole sentences in a monotonous falsetto which was certainly not natural to him. It may well have been done to tease. We must not forget that he had spent nineteen years in making the other members of the family laugh, and there was no reason why the atmosphere of Trinity should stanch his capacity for fun. But there was more to it than this. In his own thoughts he wished to bring about a revolution in many existing values. Thought and feeling are conveyed not only by grammatical forms but also by the inflections used in utterance. By choosing to stress those elements in a sentence which are not usually stressed, and conversely, one may produce in the mind of a hearer a revaluation of old truisms. When one wishes to persuade men to think or act differently — a hard task veritably — no artifice is to be despised. There was much more meaning in his curious incursions of stress than the undergraduates of Trinity, even his friends, at first understood. As evidence of this we may adduce the fact that in due course these peculiar intonations were adopted by a number of clever people, and used by them as an instrument to achieve their own quite different effects. The Strachey voice became the "Bloomsbury voice", and was used by many who had never even heard Strachey speak.

The influence of Strachey at Trinity was not at once outstanding; his comment on life was subtle, and the flavour of it an acquired taste. His mode of asserting his own point of view was a peculiar one. He often sat silent in a corner, letting the ripples of general conversation flow over him. Then suddenly he piped up, perhaps in a high squeak. He might say something of devastating pointedness, which quite clearly confuted

and confounded them all. Or he might say something which they hardly understood. Or what he said might on the face of it be so profoundly shocking, that they could scarcely believe that his words were to be taken seriously. Perhaps they were a joke; and yet, perhaps, he might mean them seriously. There could be something terrifying about his silences. There was no longer the ceaseless flow of gaiety of his boyhood days. He brooded, and polished his thoughts. He still had a great sense of the ludicrous. But it was distilled now and expressed in sudden sallies.

His friends did not at first apprehend that he was a man of outstanding genius. He stayed in Cambridge for six years, and before he went down his influence had become paramount among the intellectual youth. When Maynard arrived in 1902 Strachey was not yet at his zenith. If Maynard fell for him at once, that was by virtue of his own clever judgment; he always recognised the best when he saw it, with a lightning discernment. They also had certain affinities, which it is necessary to the story of Maynard to analyse. Lytton was unusually mature, for an undergraduate, in his literary and artistic judgments; Maynard had such interests. Hitherto he had not had for stimulus more than might come from a cultivated home and from Eton. This was not enough to satisfy his intense spirit. He had a passionate nature, and a craving for something high, for something perfect. But he could not be satisfied easily. He was, first and foremost, a very clever man, a deep thinker, a logician. A literary man, however accomplished, who could not see the force of a good argument, might win his affection, but would not do as a regular companion for him at this stage. He needed someone who could sufficiently understand his mental processes.

Lytton was such a person. This is not always appreciated by his readers. Some are beguiled by his poetic vision, by his fun and by the impressionistic touches in his historical writing, into supposing that he was an intellectual dilettante, fundamentally frivolous. This was by no means the case. He was a man of considerable intellectual and logical ability. His father had scientific interests, including meteorology. He was a Fellow of the Royal Society and Royal Medallist. He was President of the Meteorological Society; this was not merely an ornamental position; he took an active part in discussing with its experts the details of their activities. He and Lytton used to write letters to each other about mathematical problems. At Cambridge

Lytton became deeply interested in the philosophies of McTaggart and Moore. There was a time when, in planning *Eminent Victorians*, he thought of including a series of studies of Victorian scientists, with the intention of raising these scientists in the popular esteem by as much as he depressed Manning and Arnold. If Maynard wanted to grapple with some exacting philosophical problem, Lytton could come at least part of the way with him.

But this is not the whole story; we must go deeper. Lytton was, in the world of ideas, a revolutionary. He wished to overthrow, to make a clean sweep, to value all things anew, and this appealed to something very deep in Maynard. Just at this juncture Lytton, both because he was three years senior and had had an unconventional education, had progressed further than Maynard in the quest for fresh values. At the moment he was in a position to help Maynard towards satisfying his cravings for a new vision of heaven and earth.

On the whole, nineteenth-century England remained under the sway of the romantic movement, of Goethe and of that extraordinary galaxy of men of genius who wrote in English in the first quarter of the century. The great Victorians, for all their vitality and originality, their remarkable twists and turns of form and feeling, remained under the spell. The old vein was worked hard and exploited in new ways. This could not go on. By the end of the century the time was ripe for a great revolt.

Strachey's early immersion in the Elizabethans and the French work of the seventeenth and eighteenth centuries was important; important also was the fact that these were his private enthusiasms. For Keynes at Eton, the older masters were part of what was venerable and established; Burke's oratory was the "old, old" stuff. For one's private adventure, one went ahead of one's schoolmasters and admired Browning and Meredith. In cultivated London drawing-rooms the position was reversed. There the latest Victorian masters were the revered idols; to suggest that one's soul might be better nourished by reading Gibbon was indeed astonishing.

Strachey's revolt was not only literary. The religious question was central. Many of the great Victorians no longer accepted dogmatic theology. But had they faced the implications of rejection? They were worried and ambivalent. Were they also a little hypocritical? On these deep questions one must be absolutely honest, truthful, straightforward. If a clean sweep had to be

made, let it be made. There was the consequential question of values and moral sentiments. Here again one found ambivalence, obscurity, fear to face the issues. Yes; it was time to make a clean sweep and to build again in the light of one's deepest convictions. At this point Moore stretched out a helping hand, with his idealism unequalled "since Plato", and "better than Plato because it is quite free from fancy".

All this responded to something fundamental in Keynes. His mind was highly intolerant of anything ambiguous or makeshift. Confronted with an intellectual patchwork, with an old idea and a new idea incongruously held together, he could not fail to detect the incongruity with his quick penetration, and was left with a feeling of irritation and disgust. He, like Strachey, craved for the clean sweep, the bold new idea, the crisp and lucid. And then he deeply loved excitement and adventure. This revaluation — where would it lead? What new vistas would be opened to view? And he had a streak of iconoclasm. To tease, to flout, finally perhaps to overthrow, venerable authorities — that was a sport which had great appeal for him. And so it happened that he found in this clever Trinity undergraduate someone who shared many of his deeper tendencies; here indeed was an ideal friend.

The Collected Edition of Strachey's works consists of six volumes.¹ Of these, posterity may well attach the least value to *Eminent Victorians*, in which he gave full rein to his satire and sense of fun. Since it was through this book that he made his impact on a wider public, there are still too many who judge him by it. Turning to the other five, an admirer might claim, not with dogmatism but with confidence that he could not easily be refuted, that one would have to look back to Hazlitt to find work of comparable distinction in the field of biographical and literary *belles lettres*. But one who witnessed all the ferment of those days might have expected a greater achievement by the whole group, something as important for the coming time as the Romantic Movement had been a hundred years earlier. It has not so turned out.

Keynes also had within him the seeds of rebellion. Although his intellect reached its full development when he was very young, his creative impulse came to maturity slowly. In those days he did not know that he was to be an economist. In the end his influence extended further than Strachey's, for the products of his

¹ Publ. Chatto & Windus, 1948.

brain have become the everyday thoughts of many people all over the globe. He at least has carried the banner far afield. The ultimate outcome of Keynes' work is not yet decided. All we can now say is that he is decidedly in the running for the prize of having had a permanent influence "on all the framework of the land". This is a paradox, for social questions were not prominent in the discussions of that group. His wish to challenge authority was indigenous to him; but there is no doubt that the impulse to build all things anew was sustained and strengthened by the society of these Cambridge friends.

There is one final characteristic of Strachey which must be mentioned. This lanky, angular creature, a comic almost, with his weird voice, and clever, critical, mocking mind, had in the highest measure the power of personal sympathy. He had a delicate understanding of the inmost recesses of the heart. Even with a close friend it is not always easy to confide; there is often some barrier, some fear — perhaps of shocking, perhaps of saying something that will disturb the friendship in an unforeseeable way. With Strachey there could be no fear of this sort. One could be sure that whatever one said would be received with perfect understanding. There could be no embarrassment, no awkwardness. As it were to compensate for his sharpness and satire in general company, and on intellectual topics, he was gentleness itself as a confidant. Whence came this quality? Was it all that fun and jest, which kept his relations with his family so easy and gay? Confucius held that one's power to maintain harmonious relations in one's own family precisely measured one's power to do so in a wider world. All the Strachey family had some gift of sympathy. But no doubt we must ascribe Lytton's high measure of it to his own peculiar genius, and associate it with those powers of interpretation and penetration which we find in his literary criticism and in his study of historical personages.

The reader may wonder how this could have been important for Maynard, who was so successful, so competent in all his own affairs, so much a master of life, so little in need of external support. This is only to look at the surface. From the outside he seemed all urbanity, suavity, self-possession. He appeared to some to be almost inhuman, so mechanical was the precision with which he achieved every objective. Yet underneath that urbanity he had an ardent, passionate nature.' He had a great

fund of affection which he wished to lavish and have reciprocated. But his other gifts, which raised him to a superior plane, became in the course of time in some sense a barrier. The ordinary run of mortals had so much respect for his powers, that it was not easy to be on simple terms of human fellowship with him. This problem hardly arose at Eton. At school a boy, however clever, provided that he is not gauche or egoistic, remains one of the family among his contemporaries in his house. Maynard was very companionable, and the schoolboy spirit of easy friendship permeated his daily intercourse. At the University distinctions begin to appear. The clever set becomes slightly apart. One may begin by rowing in the College boat, but that has to be given up for the sake of work and other pressures on one's time. A young man like Thoby Stephen, with his abundant charm and easy fellowship, would discharge and receive, in the course of his daily college doings, any amount of spontaneous affection. In such good comradeship, the cravings of nature received satisfaction, the person in question being scarcely aware of what was going on. A very clever young man slightly different, inevitably slightly aloof, lacks something that others have in their easy companionship.* But if he be of an affectionate nature, as Maynard was, the lack sets up internal reactions; one's feelings become just a little intense and perhaps overwrought. One concentrates a stronger stream of affection upon one's particular friends. Then if anything goes wrong with the friendship, there may be acute distress. Under the polished surface of urbanity, his emotions ran strong.

Thus from time to time the woes of the world descended upon him, and his spirit would languish. It was therefore of very great value to have such a confidant as Strachey, who was not in the least frightened of him and who had a unique power of sympathetic understanding. To intellectual companionship was added a deeper communion of spirit.

Maynard did not forget his older friends; he strove to maintain his close relationship with Swithinbank; he wrote to him frequently, paid occasional visits to Balliol and was eager that he should be appreciated by his new friends. Strachey was greatly impressed by him. At Balliol, Swithinbank's most interesting contemporary was J. D. Beazley, and he reciprocated by introducing Beazley to Maynard. Although no great intimacy arose, Maynard showed a touching desire to bring this friend of Swithinbank into his circle also. There are often references to Beazley in his

letters to Swithinbank—has he won such-and-such a prize?—what are his interests now? Swithinbank (accompanied by Dundas, who stayed at Harvey Road) brought Beazley on a visit to King's in the autumn of 1904. Incidentally, in the course of the visit, Beazley caught a cold. Such matters he usually took in his stride, and was amazed therefore to find Keynes putting him to bed, producing all sorts of cures and lavishing the greatest attention upon him. Beazley had the sense that he was nursing him "like a mother". "Like a mother", he repeated to me with emphasis. Poor Maynard had much experience of colds, and of worse ailments following on colds, and of his own mother's loving care.

But before this disaster of the cold, Beazley found himself sitting by the fireside in a Cambridge study. Opposite him was a lanky, loose-limbed figure, outstretched in an easy-chair, in a position of the greatest repose; that was Keynes. On the carpet in front of the fire was a collection of still longer limbs, still more loosely joined together, stretching out indefinitely in different directions; that was Strachey. It is difficult to remember over the years the contents of brilliant conversations, but the following piece of nonsense happens to have remained in Beazley's mind.

Strachey (from the hearthrug) "I have never in the whole course of my life read any book merely for pleasure. Have you, Keynes?"

Keynes: "No never. Have you, Beazley?"

Beazley: "Oh yes. I read poems out of the Greek Anthology like eating chocolate creams out of a large box."

This was a palpable hit. But later the conversation took a more serious turn, the subject being *rococo*. Beazley expressed a preference for the classical revival of Canova and Ingres. Keynes went on to him like a knife. "Oh, do you really Beazley? Now why is that? You must give us your reasons." He seemed almost nettled, as though Beazley had invaded a strongly held conviction, trodden on sacred ground. Beazley does not recall that he made an adequate defence of his preference.

American and German scholars have given me their opinion that J. D. Beazley is the world's foremost classical scholar in this generation. His attribution of hundreds of Greek vases to various individual painters hitherto unknown, and its acceptance by all who are competent to judge upon the matter, may perhaps be

regarded as the most notable achievement in the whole history of art criticism. Beazley has travelled far and wide wherever Greek antiquities are to be found, and met most of the eminent classical scholars and art connoisseurs of the various countries. His tribute therefore has some weight.

"When I went over to Cambridge at that time," he has told me, "I thought Keynes and Strachey were the two cleverest men I had ever met; and, looking back over the years, I still think that they are the two cleverest men I ever have met." I asked him specifically whether he had the impression that one was leading or dominating the other. "No," he replied, "they seemed to me to be equals, peers, different and complementary."

5

Such was the setting and such the interests; and the terms at Cambridge passed rapidly by.

J. M. Keynes to B. W. Swithinbank, 10th December 1902

I am engaged upon the works of Peter Abelard, my intention being, at present, to write a paper upon the aforementioned gent.

How go things with you? -- I find so many nice people, who have periods when they come to the conclusion that the world is a damned bad concern: - a very bad habit, even if their conclusion is the right one, and a very difficult one to get out of -- how go things with you?

The paper on Abelard was read to the Apennine Society at the beginning of the following February. Those who heard it were astounded by the erudition of this mathematical philosopher. We learn from his father's diary that, while he was working on Abelard, he was devoting three hours each morning to mathematics.

J. M. Keynes to B. W. Swithinbank, 31st December 1902

On Friday I am going metropoliswards to see two plays; later on I shall be in Manchester for a short time visiting relatives. An uncle is a Director of the Rylands Library (one of the best collections of rare books in the country) and I am to be given full access. . . .

One of the plays was Forbes-Robertson's *Othello*, which he "enjoyed immensely". In the last years of his life many great honours came to Maynard, and many invitations to serve as President, or Vice-President, or what not, of various bodies which he had to refuse. But the invitation to be a Director of the Rylands Library he accepted, and it gave him great pleasure.

Next term he began going to Moore's lectures on Ethics; in addition to Hobson he had Richmond, a Fellow of King's, for mathematical instruction.

J. M. Keynes to B. W. Swithinbank, 24th January 1903

Next Tuesday at the Union Sheppard proposes that the Disestablishment of the Church would be in accordance with the best interest both of herself and the nation; and Gaselee opposes.

Won't it be grand!

J. M. Keynes to B. W. Swithinbank, 5th February 1903

The result of the Disestablishment debate was, I think, on the whole satisfactory; Sheppard made a very good speech indeed, but Gaselee, I thought, was a trifle disappointing; his was a good speech too, but he was clearly not at his ease and did not orate enough. Last night Sheppard, Strachey, and I dined with Verrall; he holds forth continuously and somewhat brilliantly withal, his wife and daughter forming an intelligent and well drilled chorus.

During the last week the whole of King's has been turned upside down by a religious controversy — as to what lines a mission, which it is proposed that the College should start, is to be run upon. It was, at one time, to be high church, but Sheppard and I and several others helped to organise a regular opposition and we finally carried in the College meeting by a majority of some 75 to 25 that the scheme should be on a purely *secular* basis. It was a tremendous triumph. But I will say no more about it; we have had enough of it here already. I had to make a speech before the Provost, almost the whole College, and a no. of dons including Professor Bury.

I read Abelard last Sunday.

I would ooze more ink, if I hadn't to speed off to tea with Strachey. . . .

The controversy mentioned in this letter shook the College to its foundation. After much negotiation, much intrigue, the formation of committees and of sub-committees, the hopes of a settlement were finally dashed and there was a great *ad hoc* meeting in

the Hall of King's, which is still remembered. Mr. H. O. Meredith and George Barger were brought up from London to speak. A word should be said of Meredith, who had just been elected to a fellowship. He was resident in London at this time, but had recently been a person of considerable influence in King's. A man of noble mien, later with a beard, and of bright, flashing eye, he looked and was every inch a philosopher. With such an imposing appearance, he might be expected to roll forth resonant Victorian periods. Not so; his voice was very gentle, reflecting his subtle, finely tempered mind. He did not orate, but in a quiet insinuating way, with delicate touch, pushed your thought forward a little. Might not the matter be just a little different — like this? He was an early admirer of the works of Mr. E. M. Forster, and enthusiastic in his appreciation of Lowes Dickinson.¹ Barger was the well-known chemist. Grant and Gaselee were leaders on the other side.

Meredith has a clear recollection of the speeches made by Maynard and Sheppard on this occasion. Maynard's was a magnificent forensic display, cool and collected, the arguments well marshalled, the rights of the individual conscience clearly set out. It carried the votes of those who could be persuaded by logic, and his support gave his side the necessary respectability among Etonian Kingsmen. But Meredith judges that Sheppard's performance was the more effective with the majority. An experienced Union speaker, he delivered what he had to say with sober, reflective judgment. He had been much perplexed in mind by this affair. Drawing on his experiences in connection with the Dulwich Mission, he adjured his audience to choose the path of caution and safety. This motion was carried and Maynard was inevitably elected one of the twelve members of the Settlement Committee.

He spoke "on the paper" at the Union at the first meeting of the term on the Venezuelan dispute, urging that it was "not safe to trust Germany too implicitly". Later, rather surprisingly, he spoke for a motion "in favour of the support given by the present Government to the Principles of Imperialism".

Next term he visited Oxford (Swithinbank was still at Eton; he went to Balliol the following autumn).

¹ H. O. Meredith (known as "Hom" in Maynard's circle) in 1911 became Professor of Political Economy at Queen's University, Belfast, where he was an important cultural influence both in the University and the city.

J. M. Keynes, Balliol College, Oxford, to B. W. Swithinbank, 30th May 1903

As you will see from the preliminary emblazonment I am staying at the rival seat of the humanities, having made a dinner to Sir F. Grey, to which I was invited as a representative of the Cambridge Liberal League, an excuse for a first visit to Oxford.

I went to breakfast at All Souls this morning to meet him, and he strikes me as a very commanding and reliable statesman.

Butler is putting me up at Balliol.

I have been waxing quite political lately a most amusing game, and a very fairly adequate substitute for bridge.

I am leaving Oxford this evening: it's all very mysterious, but rather pleasant.

Back in Cambridge he was first speaker for the motion at the Union that the House "sincerely hopes that Home Rule for Ireland is beyond the sphere of practical politics". According to the *Cambridge Review* he held that there were practical objections, both fiscal and strategical, that would render the granting of Home Rule an utter impossibility. "Mr. Keynes' forte is clearness, fluency and elegance of expression. He makes no attempt at oratory, and except in a well educated audience he would be difficult to follow." He made other speeches and was elected at the top of the list to the Standing Committee. Immediately after the end of term the family went for a holiday to Switzerland.

In his second year he was able to move into a fine set of rooms, formerly Gaselee's, on Staircase A, looking across the front court towards the Chapel. His mother had to think hard about furnishing them. The dining-room carpet and the drawing-room sofa were transferred from 6 Harvey Road. Cambridge has a pleasant habit of assembling undergraduates voluntarily for a period of residence during the long vacation. There are no lectures or official instruction; it is a reading party on a grand scale.¹ Maynard went with Page for some coaching to Mr. Leatham of St. John's.

During the course of the vacation he remembered that there was a subject, in which his father had no little interest, called

¹ It is to be feared that the Cambridge scientists are, by making certain attendances at the laboratories compulsory (1930), insidiously tending to convert this into an extra term — to the detriment, some hold, of the proper studies of dons and undergraduates alike.

Political Economy. He set himself to do the Civil Service Examination Paper, in which his father happened to be examining, and in the following weeks did some desultory reading in it. Towards the end of the vacation we find him going to a gathering organised by the Liberal Party at the Hotel Cecil, in London.

The fiscal question was becoming a burning issue at this time. At the opening meeting of the Union Keynes was speaking on the Free Trade side. Towards the end of the term Swithinbank and Dundas came over to witness Sheppard's performance of Peithetairos. Dr. Keynes notes that Maynard "cannot be doing much work. For fourteen consecutive days he has only one free evening." The impulse first given by Mr. Lubbock died hard, and at this time he was again working at St. Bernard.

Meanwhile Maynard's sister Margaret had completed her time at Wycombe Abbey and had gone for further education to Germany, where she stayed with the Baronin von Bissing at Wittenberg. In the following Easter Vacation Maynard went with his mother to fetch her home and they visited Dresden and Berlin.

J. M. Keynes to B. W. Swithinbank, 24th March 1904

Out of some three-thousand pictures I find I have marked 140 in my catalogue as supreme, and 24 as -- well whatever the word is for the next stage up towards the ideal good. Every painter is here, but I find the Germans of the early sixteenth century most to my taste, -- the Durers, Holbeins, and Cranachs. I should like to analyse my reasons -- if I have any. In Berlin we saw more pictures -- especially one Holbein, and both here and there much statuary, Greek and Roman and later; at Berlin two most beautiful boys' busts of the Augustan period, and a most magnificent bust of Scipio Africanus -- but the list is endless. . . . At Berlin we saw Ibsen's *Wild Duck* supremely acted. The more I contemplate it the greater does the play appear. . . . The book-sellers' shops in this country are rather an interesting contrast to ours -- innumerable translations from French and English (particularly Bernard Shaw, and Maeterlinck), very little native modern literature, but the Classical writers of all languages translated and fabulously cheap. (I bought a copy of Ibsen's *Wild Duck* for 2d. and that is the normal price.)

In the next following Summer Term (1904) he showed in a very striking way his predilection for the best. He attended a course of lectures by Alfred Whitehead, given three times a week,

alone. Not an easy task! *Experto crede.* There is some tendency to stay away, even if only to spare the lecturer his pains. In a letter written to me some thirty years later, Whitehead cited Bertrand Russell and Keynes as instances of his best pupils. At the time it puzzled me to know how Keynes had been his pupil. This solitary attendance for three hours a week surely justified the description.

Maynard continued to speak frequently at the Union. At the last meeting, with Sheppard, just elected President, already in the Chair, he spoke for a motion proposed by MacGregor¹ against Chamberlain's Fiscal Policy. On earlier occasions the House had tended to be favourable to Chamberlain. But this time the Free Traders carried the day.

At the end of this term he was elected Secretary of the Union, defeating Mr. J. K. Mozley. By the custom which was then followed in Cambridge, the Secretaryship led automatically to the Vice-Presidency and the Presidency. Thus in effect he had been elected President. At the same time he also became President of the University Liberal Club. And in the May examination, a kind of College dress-rehearsal for the ordeal of the Tripos, which was to come a year later, he obtained a first-class in mathematics.

Quite a little bunch of successes! Did they recall that red-letter day at Eton when he was elected to Pop, obtained a King's scholarship, and his college colours? I hardly think so. Less than three years had elapsed, but in that time he had grown up. He had long since achieved maturity of speech and manners, but now he had achieved maturity of soul. He was to be President of the Union, yes; but his mind kept reverting to Moore's argument at the last meeting of the Society, and to Strachey's revelation at their talk over the fire a few nights ago. He had become the apostle of truth. To think aright, perhaps to influence the course of events, these were to be his goals in future. No worldly successes were to mean much to him, nor rebuffs either for that matter. It is true that when, shortly before his death, he heard that he was to receive the Order of Merit, that gave pleasure. He may have felt that it was what he "desired perhaps more than anything else that remains to be got here". But with the mellowness of advancing years external honours regain something of the charm that they have for the imagination of

¹ D. H. MacGregor, Drummond Professor of Political Economy, Oxford, 1922-45.

boyhood. One recaptures a vision of the enchantments of fairy-land.

In the Long Vacation he went with Woolf for a walking tour in North Wales, and they stayed with the Sangers. Towards the end of it he began working on his essay on Burke, which in the following term won him the "Members' Prize". The greatest merit of the essay was his mature restraint in not forcing the doctrines of Burke to yield clear-cut answers to the questions raised. He showed much sympathy for his author's point of view, including his defence of things established, criticising him mainly for letting intrinsically good arguments carry him to extremes. It is interesting to compare this essay with his Memoir. In the latter he wrote of his youthful period that "we were not aware that civilisation was a thin and precarious crust", and "it did not occur to us to respect the extraordinary accomplishment of our predecessors in the ordering of life (as it now seems to me to have been) or the elaborate framework which they had devised to protect this order". But his essay shows clearly that he had known all about that at the time. He had never in his own person been a callow young idealist; he had had no illusions. If he went along with his friends in dreaming dreams, it is clear that he must have had his own mental reservations. It was part of his genius and his greatness that, while he could become the most polemical of partisans, he saw all sides of the case. This bewildered many, since they inferred fickleness. But it reassured the finest minds who met his, because they knew that, when it came to practical decisions, he would recognise the full strength of the opposition case, -- and indeed already knew it better than his opponents themselves! Thus, for all his exaggerations in controversy, he would be a safe guide in action.

He now approached the final year of his work for the mathematical Tripos. His comparative neglect of his proper subject of study had been a matter of recurrent anxiety to his father, who feared that the wrong subject had been chosen. Maynard continued to maintain outside interests. This Michaelmas term was the occasion of the Swithinbank-Beazley visit, and we find him still playing the Wall Game at Eton. His position at the Union inevitably absorbed much time, and he spoke frequently. He was due to hold office in each term in this last year, but by a stroke of luck he missed the Vice-Presidency. The President elected at the end of the Michaelmas term for the following term was not

able to remain in Cambridge, and in consequence Maynard proceeded straight from the Secretaryship to the Presidency, and his Tripos term was thus clear of official duties at the Union.¹ One characteristic touch must be mentioned in connection with his term of Presidency. He was not so immersed in high Union politics as to take no thought of the staff. He set up a Committee to investigate the matter, and detailed instructions concerning hours of employment were embodied in the minutes of the Standing Committee during his term. And, determined that the matter should be properly buttoned up, he had a standing order passed that in future every Vice-President must make a report on staff condition..

The Tripos was looming up, and what was to happen after that? Maynard had a wonderful capacity for living in the present, and we may believe that he was not obsessed, as some undergraduates are, with the problems of the future. He had, it is true, to make his own way. His father paid the preliminary fee for him to be entered at the Inner Temple, and in the next year he ate some dinners. This was a precaution, but it does not seem that he thought of the Bar very seriously as a career. The following letter is undated, but was evidently written while Maynard was an undergraduate.²

G. M. Trevelyan to J. M. Keynes

I keep hearing from different people that you have made up your mind to go into the Civil Service. I don't know why at the stage you have now reached you should have made up your mind about your future career, and perhaps it is not true. But if you are already beginning to think seriously about it, do let me beg you to keep an open mind. Personally I think it is most distressing the way the civil service swallows nearly all the best Cambridge men, to the ruin of our political life. Only one or two people like Theodore Davies can make a *great* career out of the civil service. That needs both great luck, and very peculiar qualities.

You are born to be a politician I should guess. The only reason

¹ This accident has deprived the Union of records of his which they would otherwise have had: for it is the Vice-President who writes the terminal report, and who deals with complaints in the suggestion book.

² In a letter written to Strachey on 30th October 1907, Keynes refers to this letter as "two years ago". "Two years" may be approximate: the reference to "the stage you have now reached" suggests a slightly earlier date.

for rushing into the tomb of the civil service is that it offers safety from the beginning in the way of income. The Bar is not a *certainly* — that is its only disadvantage as against the civil service for a man like you. But surely you can feel confidence enough in yourself to be able to get on at the Bar, if by a fellowship you can secure enough to keep you for a few years. You live in a very unadventurous atmosphere at Cambridge, but ought you not to be a little more adventurous yourself? Why should not a fellowship lead to the bar, and the bar after many years to politics? It is on such choices, made in early youth, that the fate of the country in the future ultimately turns. Our supply of liberal aristocrats is running dry. Of course it is a risk and a venture, — but there are proverbs on the need of taking them. This is a venture many men take with less prospect of doing great things than you would have. I don't say that I am sure that you ought to do thus, I only say don't yet be sure you oughtn't. And let your soul revolve the matter in all its aspects. Don't answer this letter. It doesn't need an answer and is not written to draw one. Only do not forget it.

Weighty words. What shall we say? There is certainly a prophetic note in this letter. British politics have languished sadly since it was written, perhaps even beyond the expectations of the author. What if Maynard had taken his advice? Would other clever young men have followed his example? Might the whole political scene have been different?

And what did Maynard think himself? Did those Apostles inhibit his ambition? Did Strachey seduce him with his more exciting quests? Had worldly pursuits so fallen in his esteem that he really thought politics no more than a "fairly adequate substitute for bridge?"

Or was it a rather different strain in his temperament that decided the matter? He lived very much in the present, his enthusiasms were usually directed to something here and now. He may have felt towards Trevelyan's long-range plan of action rather as he felt towards those beneficent economic forces which only yield their good results "when we are all dead".

In the Christmas vacation he went off with his old friends Dundas, Harold Butler and O. C. Williams¹ to Forest Row in Sussex, where they would be the neighbours of Humphrey Paul,

¹ Orlando Cyprian Williams, Lion Scholar an election senior to Maynard, then at Balliol, since Clerk to the House of Commons and author under the name of Orlo Williams

to make up leeway in his mathematical studies.

In this last year before the Tripos there occurred an event which bade fair to be the beginning of one of his lifelong friendships. A new star had appeared at Trinity, acclaimed as such by Strachey and others. When Maynard met him he joined in the chorus of praise. This was Mr. (now Sir) Arthur Hobhouse. Economists are aware of how excited Maynard became on the occasion of a new economic finding. In those young days these enthusiasms were directed to people. Mr. Hobhouse had all the right qualities, intelligence, interest in intellectual matters, fine sensitivity and personal charm. There was a spirit in all the Strachey set of restless quest for those who had the wit and feeling to enter with sympathy into their circle. Friendship, after all, was the most important thing in life.

Maynard saw a good deal of Hobhouse in these months. Their paths later were to lie apart. Hobhouse, like Swithinbank in the end, faded from the scene. He took up the law and later went into politics. But the traditions of his family were those of progressive public service, and, on the decline of the Liberal Party, he entered local government where he won for himself a position of high importance and esteem.

In the final vacation before the Tripos they were together working at Truro. Even Maynard had to make a spurt now. Had he failed to obtain a First, that would indeed have been a universal disappointment — and what of his future? It was a horrible gruelling interlude. He consoled himself with *cris de cœur* to his friends. Swithinbank had just obtained a first class in honours moderations, and Maynard opened with a bloodthirsty paean of triumph over the Balliol dons, who, for some reason, seemed always a little unfriendly to Swithinbank.

J. M. Keynes to B. W. Swithinbank, 18th April 1905. Truro

I want to see you; for the last three weeks I have been on the point of writing to you, and I have been filled with an affection for you — but I have not written.

I am still your friend — I hope you are mine; but I am slothful and we are at different Universities — what is to be done? In the meantime I am soddening my brain, destroying my intellect, souring my disposition in a panic-stricken attempt to acquire the rudiments of the Mathematics.

Heaven help the examinee where so ever he be found.

What are you thinking and reading about? How is your health and your energy?

I find my chief comfort more and more in Messrs Plato and Shakespeare. Why is it so difficult to find a true combination of passion and intellect? My heroes must feel and feel passionately — but they must see too, everything and more than everything.

What is there worth anything except passionate perception.

Alas - - as you see I am liable to blather. However, perhaps you see what I mean.

We have communicated so little lately that it scarcely seems possible or amusing to say anything about the details of one's existence. Hence these generalities.

All the same, I still feel as if I were intimate with you, and yet I do not know what, at this moment, you are really like.

Do you understand this letter? I wonder.

Ever your affectionate,

J. M. KEYNES

And then on his return to Cambridge:

J. M. Keynes to G. L. Strachey, 23rd April 1905

I was working six hours a day at work which I was actively loathing almost the whole time I was at it.

He [Hobhouse] — without intermission — was ill in health and attempting to force himself to do more work than he was fit for.

However, it was — ethically — the most valuable three weeks I have ever spent. I am coming round more and more to your view of the appalling dangers of work. It is not merely that the more I do the less time I have for more respectable pursuits - - but the less *desire* I have for anything that is decent. That is the horror. However — to-day being the Sabbath I haven't done a stroke — and I feel the better for it.

Ah, one might write like that; yet by his own free will and choice he was to live laborious days for the next forty years.

Next term he faced his ordeal.

Mrs. Keynes to J. M. Keynes, 5th June 1905

. . . I must send a line of greeting. For half my life you have occupied a large place in my thoughts and affections and it is natural that I should think of you and hope for you to-day.

I hope for — and expect — success this time as so often before, but whatever the result may be next week, I shall be proud of your University career and satisfied that you have spent your time well.

In the examination list he was bracketed twelfth Wrangler. Some congratulated ; some condoled. The result was respectable, but not triumphant. Mathematics were not his love - although he was to remain deeply interested in mathematical philosophy. Yet it is doubtful if he would have been much happier in any other prescribed course of study. He had already outgrown the examination phase. His mind was wandering in strange new fields of thought. He had to find out for himself where his life's work lay.

CHAPTER III

IN QUEST OF A WAY OF LIFE

I

At about this time there were those who began to have an uneasy feeling that there was something subtly amiss in the way in which Maynard was developing. Was he not deviating from the high road so clearly marked out for him? Was he not becoming too much wrapped up in the psychology and personal interests of a particular set? After all, he was not destined to be a poet. He had great intellectual and practical gifts, which clearly suggested some kind of distinguished career of active service. A man with such a destiny may devote himself to things poetical and artistic at school, and perhaps for a year or two at the university. But he must not dwell amid these pleasant scenes too long. He must begin to get busy and devote all his energies to what is expedient and necessary for the harsh battle of life. Was there not something hot-house about the introspective interests of this circle, the intensive brooding upon the fine shades of some young man's character, to assess whether he corresponded with the utmost nicety to the ideal of Moore or the fastidious susceptibilities of Strachey? . . . It is impossible to legislate for genius. No doubt for one who had a definite ambition, to become Chancellor of the Exchequer or sit on the Woolsack, no time was to be lost. But Maynard's thoughts ranged further afield. If one believed that one might attain the discovery of new truth or might alter the course of events, then it might be needful for the time to lose oneself entirely, forget material aims and follow the immediate promptings of the spirit. The forty days in the wilderness are no doubt symbolic of a longer period of time. Five years, ten years, may well be sacrificed to the neglect of one's career, if these are necessary to penetrate below the surface of things and acquire depth of insight. How many eminent men of affairs there are, worldly wise, good judges of character, full of apt expedients to meet a particular situation, who, when taken

outside their professional range, asked to judge in some human problem, are completely at a loss, embarrassed, out of their depth. Those who came into contact with Maynard had the strong sense that, admirably as he might discuss the gold question or the slump, he would be a guide no less admirable if the soul was in torment. He was a sage and a philosopher. There was layer below layer of insight and understanding; it would be a great man indeed who would plumb to the depths of him. Nor can it be doubted that this depth enhanced the influence of his economics, enabling him to appeal to the layman as well as the expert, to feeling as well as to thought.

Among those who were uneasy was his old friend, Mr. Geoffrey Winthrop Young, whose temporary spell as master at Eton had overlapped Maynard's time there. Maynard had a high regard for Young, which he retained through life, and it was therefore a pleasure, as well as an honour, to be invited by this famous mountaineer to join him in a climbing expedition in the August following his Tripos. "In Switzerland I spent some time with the superb Geoffrey Young", he afterwards wrote to Swithinbank.

Young had an ulterior motive. When he writes in the passage which I have quoted¹ that he took him climbing to redress the balance, this must be taken seriously. He felt that Maynard's interests were becoming too hot-house, and that the high altitudes and the perils of climbing would reduce his introspective tendency and revive his more adventurous and practical impulses, and when he "watched him climbing over the very steep snow and ice slope of the summit with smooth security and fine nerve", he may have felt that he had achieved some success. "Obviously he was revelling in every minute of it."

J. M. Keynes to G. L. Strachey, 11th August 1905

We have made our way to Chamonix over passes; on Tuesday we climbed up to a hut (circ. 9000 feet) to sleep. After two and a half hours sleep we set out in the dark with lanterns on to the glacier, crossed a pass, climbed a mountain and reached our destination after nineteen hours. The expedition was lengthened out to this untoward length by the incompetence of the guides who took us wrong at every crucial point. This is private, namely:—Robin² disappeared absolutely out of sight into a crevasse, but he was hauled out intact.

¹ See pp. 49-51.

² Mr. Robin Mayor.

(2) One of the guides lost his head on the mountain and went well nigh mad; according to G. W. Y. it was one of the most dangerous situations he had ever been in. (3) We had to cross a beastly bit of glacier in the dark. So much for Switzerland. I liked the excitement.

What rot all this is about nature; I have seen the superbest views and the wildest and most desolate expanses of snow and ice; there was even danger. but not for one single moment have I been moved with anything I can call violence. Feelings of course one gets and a kind of passion of calmness but the whole is on an altogether lower scale of merit

He uses "lower" by comparison with the joys of intellectual activity and friendship.

Geoffrey Young recalls how Strachey came to see him after a visit to Skye. This time too he had hopes that nature had made an impression. The tremendous peaks of the Coolin, their sombre outlines and sheer fall to the sea, their shadows and depths of colour — surely they had meant something to him?

Lytton Strachey. "I thought them simply absurd".

It was no use. They were, in those days, irretrievable intellectuals. It was impossible to shake the settled convictions of the two cleverest men that Beazley had ever met.¹

Between the Tripos and this holiday in Switzerland, the remainder of it spent with his family there, he had already found time to do some serious reading in economics.² The question was considered whether he should take a second Tripos (Part II) and the choice seemed to be between Moral Science and Economics. In the event he took neither.

J. M. Keynes to G. L. Strachey, 8th July 1905

I have finished Wells' *Utopia*, which rather peters out.

And masses of economics

From the latter I have discovered someone whom I had not realised to be very good — namely Jevons. I am convinced that he

¹ This visit to Skye was in August 1908. Strachey wrote to Maynard "We're nine miles from Portree, the nearest centre of civilisation (and beauty), and we're surrounded by deserts of green vagueness, multitudes of imbecile mountains and eternal rain"

² Diary of Dr. Keynes, 28th June "Maynard now working assiduously at Marshall's *Principles of Economics*"

was one of *the* minds of the century. He has the curiously exciting style of writing which one gets if one is good enough — particularly in the “ Investigations into Currency and Finance ”, a most thrilling volume. Moreover his letters and journal prove that he was probably apostolic. At the age of nineteen he had to earn his living and was accordingly sent to Australia, where he earned a respectable and assured income. But he seems to have spoken to no one and to have devoted the whole of his spare time to the study of meteorology.

However at the age of twenty one he came to the conclusion — although he had never been intimate with anyone in his life — that the only things really worth having were love and friendship (these are his words) ; sometimes he inclined to think intellectual insight to be a little use. At the age of twenty-two he came to himself and realised how eminent he was ; he became quite clear that his brain was full of original thoughts. He threw up his post and all his cash and came back to England for further education : it was not long before he boomed : but he suffered from sleeplessness and depression, and was drowned while bathing at the age of forty odd. . . .

In the autumn term he was back at Cambridge and attended Marshall's lectures. “ Maynard does a good deal of work for Marshall, who describes some of his answers as brilliant. I am afraid Marshall is endeavouring to persuade him to give up everything for Economics.”¹

Alfred Marshall to Dr. J. N. Keynes, 3rd December 1905

Your son is doing excellent work in Economics. I have told him that I should be greatly delighted if he should decide on the career of a professional economist. But of course I must not press him.

Pigou had him to breakfast once a week and gave him coaching in the subject. Towards the end of the year he was reading “ the superb Hume ” and also works on psychology. His book-buying activities persisted unabated.

Meanwhile Strachey, after residing in Cambridge for six years, had at length gone down. For the biographer this event raises the curtain on the scene of Maynard's life. For, once parted, these two friends entered upon an almost daily correspondence of long letters, which lasted for a number of years and revealed their common interests. It is quite plain that we are in the middle of a scene, and that the discussions carried on with such assiduity

¹ Dr. Keynes' Diary, 26th November 1905.

in these pages had been proceeding with equal energy for a long time past. The evidence of these letters has helped me in the distribution of emphasis in the foregoing account of the undergraduate period.¹

These letters have much to say, as is natural between intimates, about passing moods and humours. The main subjects of discussion are the characters, personal relations and opinions of their friends. The discussion is always critical, judging by some ideal intellectual and moral standard, which they shared. The letters are full of esoteric jokes and allusions. I will only quote, by way of example, one letter which is more straightforward than most. In reading it one must bear in mind the intense interest which they both took in the affairs of "the Society" and the importance of choosing the right men for election.

J. M. Keynes to G. I. Stacher, 15th October 1905

I have given way to unestimated Freshet excitement. Hobby [Mr Arthur Hobhouse] gave a breakfast party this morning at which Norton and I burst into view. Nevertheless a term opened with so fair a prospect. I have formed an opinion, but it is still a little incoherent. Norton is the more obvious — more grown-up than I was on arrival, very I-tonian and with that put of I-tonianism which is probably a little offensive. I am sure he has a very good logical kind of mind and that is his strength, his own view, however, is that he is cultured — and he is incredibly. His whole person is girt about by a writhing mass of æsthetic and literary appreciations, which I have so far discovered no means of quelling. He's very proud of all this, but it is really rather nonsense. What saves him is a strong comprehension. I hardly ever caught him really stupid.

There is nothing to say about his appearance. Ordinary public school.

¹ Evidence coming from this and other sources makes it impossible to confirm the statement in Mr F. A. G. Robinson's interesting and valuable *Memoir*, that

Keynes' absorbing interest at this stage of his life was politics (*Economic Journal*, March 1947, p. 11). No doubt politics was an interest to which he devoted much attention. And indeed, had he been a man of normal capacity, one might have been able to infer from his substantial volume of political activity that this was his "absorbing" interest. It would be as though one who was unacquainted with his work in economics argued that, at the time he was composing *The General Theory of Employment, Money and Interest*, his principal interest in life was the theatre. His "absorbing" interests as an undergraduate were philosophy, "the Society", and the quest for perfection of mind and character among his contemporaries.

I am sure we shall elect him, and equally sure that we shall elect A. He (A) is, I think, more attractive *qua* character — at any rate as regards that part he shows first, for he is less self-conscious than the other, a little wilder (Norton is not wild at all), and a good deal vaguer. Artistic. He has had little conversation in the past and was completely carried away by the sudden excitement of the party. His appearance is very apostolic and so is his mind — but I doubt whether he is as clever as Norton and he might be a bore sometimes.

It is to be remembered that I have seen them once only and not at all alone.

James¹ still eludes me. I have climbed the stairs three times but in vain. To-day I have left a card asking him to come and see me. Yesterday I saw B and Lord C — also at Hobby's.

B is much more elementary, and possibly stupid — but I liked him: there is no mushiness.

C (*i.e.* Duke of D) is the pale, dull aristocrat; of the appearance bred by those who marry beauties.

Forster is up, and of course old McTaggart was at last night's supper.

Have you heard that Dickinson's horse bolted and threw him yesterday? He seems to have concussion and is attended by a nurse — but reports allege that it is not serious.

Sheppard is booming Knox but Hobby is against him.

I have private advice from Oxford that there is no small danger of Swithin's departure — another crisis is hatching. I have come to the conclusion that it does not much matter if he does. Of course it hastens the problem of what next: but as long as he is at Oxford he will be miserable and no better off — —² when the end comes.

Hobby saw him into his cab; as he closed the door Swithin leant out, smiled, and said "I am leaving Heaven".

There was a wonderful interview with Swithin very late on his last evening — we got as far as it is possible for pure friendship.

I feel a little lost. I want to argue with you about these wretched Freshers.

Such letters passed almost daily. The analysis deepened and became more intricate. Many figures flit across these pages;

¹ Mr. James Strachey, Lytton's younger brother.

² The word he uses here, denoting "from a worldly point of view", was part of the secret language of the Society.

those which appear most frequently are Mr. (Sir Walter) Lamb,¹ Dilly Knox, Mr. (Sir Arthur) Hobhouse, Mr. James Strachey and H. T. Norton. Of these the last two remained Maynard's close friends for many years. Norton won the highest regard both of Maynard and Strachey, and became, so to speak, a member of the family party. In this large portrait gallery the economists most frequently referred to were Hawtrey, who often came up to Cambridge from London, and Pigou. A very close watch was also kept on the development and troubles of Swithinbank, who was not happy at Oxford.

Maynard appears to have devoted a great deal of time to these questions. It was not merely that taken up in correspondence with Strachey and other friends about them; he took immense pains to get to know all these young men personally. It was as though he was conducting an oral examination of them, extending over many weeks and months. He made elaborate plans to introduce them to one another. In a carefully arranged setting X might be brought into contact with Y. If the meeting was not a success, the question arose whether it showed a lack of sensitivity in X in failing to appreciate the subtle character of Y, or showed that Y did indeed lack qualities which had been, perhaps over-hastily, assigned to him. To someone who did not know Maynard's capacity for work, it might appear that these personal investigations must have occupied all his time.

Strachey's letters reveal his own interests and inward life, and are often very moving. He was eager to know about the Cambridge young. Living now in London, he could not reciprocate in the offer of many new young acquaintances for analysis. But there was one old friend who began to assume importance. Duncan Grant had been, as we have seen, a companion of childhood. But now he was coming of age and had to be considered anew, weighed and judged on his own merits, no longer to be taken for granted. This was a great topic for consideration. It was indeed assumed from the beginning that he was "perfect", but the precise shade of perfection had to be carefully defined.

J. M. Keynes to G. L. Strachey, 18th October 1905

I am writing in the train and have seen Mr. Shaw's . . . play.

Is it monomania — this colossal moral superiority that we feel?

¹ Secretary of the Royal Academy since 1913 and elder brother of Mr. Henry Lamb, the well-known painter.

I get the feeling that most of the rest never see anything at all — too stupid or too wicked. The contrast between you and Duncan, and Mr. Shaw's view of the world has been too violent.

G. L. Strachey to J. M. Keynes, 2nd November 1905

Oxford Union Society.

Here I am, a little shattered. Last night I spent with the Raleighs, partly at a rather dull concert, and partly listening to his consummate brilliance. It is so great that I think it practically amounts to a disease. But in any case he belongs to the age before the flood — the pre-Dickinsonian era¹ which is really fatal. He is not interested in the things which absorb us — result, dead silence on my part, and blank boredom on his — though of course there are compensating moments. He might be one's father.

J. M. Keynes to G. L. Strachey, 12th November 1905

I forgot to tell you that I read my paper on Beauty at Dickinson's last Wednesday. It was too esoteric and I did not feel that it was much of a success. Knox (of course) was highly enraged at anybody's writing such rubbish. The discussion dull: Pigou subtle but not very relevant; Sheppard and Dickinson in practical agreement: and the rest quite foggy.

Don't fail to come up next week.

J. M. Keynes to G. L. Strachey, 15th November 1905

I find Economics in reasingly satisfactory, and I think I am rather good at it. I want to manage a railway or organise a Trust. . . . It is so easy and fascinating to master the principles of these things.

J. M. Keynes to G. L. Strachey, 23rd November 1905

Marshall is continually pestering me to turn professional economist and writes flattering remarks on my papers to help on the good cause. Do you think there is anything in it? I doubt it. I could probably get employment here if I wanted to. But prolonging my existence in this place would be, I feel sure, death. The only

¹ This refers to G. Lowes Dickinson; the passing reference is a noteworthy tribute to the importance of his influence.

question is whether a government office in London is not death equally.

I suppose I shall drift.

Later this term excitement was provided by the appearance of his brother Geoffrey, who came from Rugby to seek a scholarship at Pembroke College, which he obtained. At Rugby he had become great friends with Rupert Brooke. He brought Rupert and two other Rugby boys to stand for Scholarships, and they were all put up in Harvey Road. Rupert obtained a scholarship at King's.

Geoffrey and Rupert were plunged into the Cambridge *milieu*.

J. M. Keynes to G. L. Strachey, 7th December 1905

There has been a long party here this evening — five hours through which Hobby, Norton, Sheppard, Furness, Rupert, and my brother have floated for shorter or for longer periods.

Maynard was conscious that his brother Geoffrey was effacing himself in the extreme anxiety that Rupert should shine and do himself justice.

In the intervals of psychology and book-collecting, Maynard returned to his old love of genealogy and read out a history of the Keynes family in his home on Christmas day.

During the autumn G. E. Moore read his paper on "The Nature and Reality of Objects of Perception" to the Aristotelian Society.¹ This caused great excitement.

G. L. Strachey to J. M. Keynes, 2nd January 1906

Who d'you think — talking of intellects — has been here half to-day? Moore. He was really splendid. We talked about the Society and his Aristotelian paper from 2.30 to 4.30. Then he sang. Pippa² pronounced him the most charming person she knew. He did not seem to understand the objection against electing Freshmen — said that if they were worth anything they'd stand up against us. I wonder. On the question of secondary qualities, etc. he was quite superb. He had used an argument in his paper about hens and eggs which Hawtreys said was "too simple". It was, that in order to know that hens laid eggs, *someone* must have seen both a hen and an

¹ Republished in his *Philosophical Studies*, 1922.

² Miss Philippa Strachey, Lytton's sister.

egg. Hawtrey denied this — because the fact that hens laid eggs determined your mental state, and therefore you could infer it from your mental state. Moore said he could only say such things because his head was full of philosophical notions. Quite magnificent! I was with him heart and soul. But I wish I could tell you more of what he said. . . .

J. M. Keynes to G. L. Strachey, 17th January 1906

Oh! I have undergone conversion. I am with Moore absolutely and on all things — even secondary qualities. It happened while arguing with Ernst — who has read P. E.¹ seven times. — Something gave in my brain and I saw everything quite clearly in a flash. But as the whole thing depends on intuiting the Universe in a particular way — I see that now — there is no hope of converting the world except by Conversion, and that is pretty hopeless. It is not a question of argument; all depends upon a particular twist in the mind.

J. M. Keynes to G. L. Strachey, 20th January 1906

I really believe I would leave Cambridge and come to London at once — but for one reason. I suppose the Society must be put on its legs again — or at any rate one has to try.

I labour for myself most of the time, but I am certainly labouring for future generations in this.

But I am really pretty cheerful — doing a little more work than you I expect, but very little — for Swithin has been here and I have hardly got started.

So zealous were they for the Society that Strachey wrote as follows from Mentone: ²

G. L. Strachey to J. M. Keynes, 21st February 1906

Did I tell you that I had a melancholy and very very Swithin-esque letter before I departed? He seemed to be pretty hopeless, but to be looking forward to a visit from you. Must you go on a Saturday? Why not in the middle of the week? Isn't it rather terrible to leave those children [*i.e.* new members of the Society] to the tender mercy of — and — ! — Those infants in arms! — However, I hope you will manage to cheer him up when you do go, and try to persuade him to send something to the Independent.³

¹ *Principia Ethica*.

² Within eight years Keynes read twenty papers to the Society!

³ The *Independent Review*. See p. 63.

It was really very wicked of him to have destroyed the paper on Virgil. But he is wicked — Never mind, though! He exists.

J. M. Keynes to G. L. Strachey, 21st February 1906

I am studying Ethics for my Civil Service.

It is *impossible* to exaggerate the wonder and *originality* of Moore; people are already beginning to talk as if he were only a kind of logic-chopping eclectic. Oh why can't they see!

How amazing to think that *we* and only *we* know the rudiments of a true theory of ethic; for nothing can be more certain than that the broad outline is true. What is the world doing? It does damned well bring it home to read books written before P. E. I even begin to agree with Moore about Sidgwick — that he was a wicked edifying person.

Meanwhile he read a paper on "Egoism" in Cambridge, and in Oxford he opened a "sad discussion" at the Jowett Society after a paper on "Time and the Absolute". At about this time he read Moore's paper on the "Objects of Perception", and was deeply impressed.¹

J. M. Keynes to G. L. Strachey, 5th March 1906

I have just come away from tea with Beazley and it is plain that he is really quite unspoilt . . .

A man called Flecker² was there and, according to Swinon, is always there. I am not enthusiastic about Flecker, semi-foreign, with a steady languid flow and, I am told, an equally steady production of poems and plays which are just not bad . . .

G. L. Strachey to J. M. Keynes, 11th March 1906

I am glad you are seeing a good deal of James and Norton; for I suppose that means you are at any rate en route to becoming intimate with the former as well as the latter . . .

I suppose it really doesn't matter very much whether you get into the C. S. or not, does it? If you didn't, wouldn't you get a fellowship, and take rooms in the Temple? That you might do in any case — very charming. Oh dear me! When will my Heaven be realised?

¹ At one point he worked the doctrine of this paper into his argument in the *Treatise on Probability* but the relevance is not altogether clear!

² James Elroy Flecker, the poet.

— My Castle in Spain? Rooms, you know, for you, Duncan and Swithin, as fixtures — Woolf of course, too, if we could lure him from Ceylon; and several suites for guests. Can you conceive anything more supreme! I should write tragedies; you would revolutionise political economy, Swithin would compose French poetry, Duncan would paint our portraits in every conceivable combination and permutation, and Woolf would criticise us and our works without remorse.

About this time Sidgwick's *Memoir* appeared. Maynard reacted strongly and immediately sent off his comments to Swithinbank and Strachey. I shall quote the letter to Swithinbank, because there can be no suspicion that his tone might have been influenced by the receiver. It is, so to speak, a key to his twentieth-century revolt against the accepted standards of the nineteenth. And indeed it may be regarded from a wider point of view. Does it not epitomise the general change in attitude among thinking people?

In reading his letter we may recall Strachey's book on *Eminent Victorians*, in which revered figures of the nineteenth century were pulled off their pedestals. Keynes's criticism is more decisive evidence of a revolution in thinking, because while Strachey's Victorians were persons of whose eminence there might have been two views even among contemporaries, the high integrity and moral nobility of Sidgwick were disputed by none. Again, in the case of Strachey there may be some doubt regarding the interpretation he put upon the course of events, while in the case of Sidgwick the facts were nowise in dispute. It is thus a pure case of revaluation; we consider those attitudes of mind which seemed so noble to his contemporaries and ask whether we do indeed regard them as noble.

A further point may be noted in this connection. Keynes' style of attack upon Woodrow Wilson and the other peace-makers has been thought to have been influenced by Strachey's method in *Eminent Victorians*, which had recently appeared. Keynes' reaction to the Sidgwick *Memoir* suggests that his mind had this bent twelve years earlier. There is no reason to suppose that in this he was influenced by Strachey rather than conversely. When Strachey received Keynes' letter he had not read the *Memoir*; after reading it he cordially agreed. It is to be noted that the point at issue is not the truth or falsity of certain theological dogmas, but the question of honesty with oneself.

And just because that was the question, it seems worth quoting tributes from two men who are diametrically opposed examples of the Victorian tradition. Bishop Gore was an Anglican churchman of rare quality, whose high spirituality made a deep impression on all who knew him. His tribute to the free-thinking Sidgwick is therefore particularly notable. Speaking at a meeting in Cambridge, after Sidgwick's death, he said :

But, of course, it was impossible to know him without feeling that incomparably the most impressive thing about him was his character. . . . When I came away from the last interview with him . . . there was only one thought which came to my mind, in which I seemed able to sum up and express the impression which was left upon me, and it was the most sacred of all promises "Blessed are the pure in heart ; for they shall see God " ¹

At the other extreme was Mr. F. C. Schillei, pragmatist philosopher and of extreme modernity by the standards of the time. Indeed he was regarded as a dangerous character among Oxford philosophers well into the twentieth century.

After a few prefatory remarks, in which he deprecated the intention of merely dialectical refutation, Sidgwick read what seemed to me - - perhaps because I felt a strange touch of solemnity which I could not account for - the most lucid, sincere and impressive piece of philosophic criticism which it had ever been my privilege to hear.²

J. M. Keynes to B. W. Swarthinbank, 27th March 1906

Have you read Sidgwick's Life ? It seems to be the subject of conversation now. Very interesting and depressing and, the first part particularly, very important as an historical document dealing with the mind of the period. Really - but you must read it yourself. He never did anything but wonder whether Christianity was true and prove that it wasn't and hope that it was. He even learnt Arabic in order to read Genesis in the original, not trusting the authorised translators, which does seem a little sceptical. And he went to Germany to see what Ewald had to say and fell in love with a professor's daughter, and wrote to his dearest friends about the American Civil War.

¹ *Cambridge University Reporter*, 7th December 1900. Report of a meeting for promoting a memorial to the late Henry Sidgwick.

² *Henry Sidgwick A Memoir*, p. 586.

I wonder what he would have thought of us, and I wonder what we think of him. And then his conscience — incredible. There is no doubt about his moral goodness. And yet it is all so dreadfully depressing — no intimacy, no clear-cut crisp boldness. Oh, I suppose he was intimate but he didn't seem to have anything to be intimate about except his religious doubts. And he really ought to have got over that a little sooner, because he knew that the thing wasn't true perfectly well from the beginning. The last part is all about ghosts and Mr. Balfour. I have never found so dull a book so absorbing.

It is clear that early in this last year he abandoned the idea of taking a second Tripos and contented himself with working for the Civil Service examination. As late as 8th April Marshall was still anxious that he should take the Economics Tripos.¹ But Maynard was probably determined to sample life in London — continued residence in Cambridge would be too deadening. In his own person Marshall was not the man to tip the scales for Maynard. He belonged essentially to the Sidgwick era, and, although different in many ways, had the Victorian taint. Had Marshall combined his economic eminence with the personal qualities of G. E. Moore, Maynard might have been won over and have given his whole mind to economics at an earlier date. Yet that might not have been to the benefit of his economics in the long run.

J. M. Keynes to R. H. Dundas, 13th September 1906

Amusing that you have met Marshall. A very great man, but I suppose rather a silly one in his private character. Mrs. is charming, isn't she?²

¹ Dr. Keynes' Diary.

I do not rely on this letter as sole evidence for his feeling about Marshall as a man. On more than one occasion in private conversation when I assumed a tone of reverence due to a great one in speaking of Marshall Maynard seemed anxious to correct my misapprehension. "He was an utterly absurd person, you know." The economic student who gets to know Marshall's economic writings well, soon becomes unconscious of their intensely Victorian moral outlook. The point was brought home to me vividly, after many years of teaching Marshall, by a pupil from the Far West of the United States, a gifted Rhodes Scholar who came to me and said:

Surely you cannot expect me to read all that drivel. I was duly horrified and prepared myself to deliver a severe lecture on my pupil's total incapacity to pass judgment on this great economic classic when I realised that it was not the economic aspects with which he was quarrelling, but the background of Victorian morality. He categorically refused to read the *Principles* and I had to find other means for him to acquire economic wisdom.

Earlier in the year Mrs (Alys) Russell¹ had proposed that Maynard should join her sister (Mrs Berenson) in Italy for Easter. Geoffrey Scott,² then an undergraduate at New College, would be of the party. This was arranged Mrs Berenson took the two young men for a tour of Tuscan sightseeing

J M Keynes to G L Strachey, 2nd April 1906

Mary³ was just the person to travel with in a motor for her incredible competence as hostess, all the arrangements for one's comfort were complete. She was full of Italian and money and which hotel was best and what food they could best cook. We must have cost her pints of gold for everything down to entrance fees to galleries was paid.

Also she roars with laughter the whole time, allows you to laugh at her, and never worries one. And when she journalled about the pictures, Scott was always there to make the appropriate remark. The Costelloe females Ray and Karin, don't talk much. But they did very well.⁴ Scott is dreadfully Oxford, a sort of aesthetic person, and of course his point of view always seems to me a little shocking, but we are quite happy together. I have never seen the aesthetic point of view so close. I find I object to it on high moral grounds though I hardly know why. It seems to trifle deliberately with sacred reality. But isn't this rather cant?

Maynard had prudently arranged with Geoffrey Scott to have a time working alone together at Siena. They then proceeded to stay with the Berensons at Settignano near Florence, where there was a large party of young ladies.

J M Keynes to G L Strachey, 15th April 1906

I've no news unless I describe our way of life. I seem to have fallen in love with Ray a little bit. The comfort here is of course incredible, the cypresses and sun and moon and the amazing

¹ Bertrand Russell's first wife and sister of the beautiful writer, Logan Pearsall Smith.

² The author of *The Architecture of Humanism* and *Ælids*.

³ Mrs Berenson.

⁴ Ray and Karin were the daughters of Mrs Berenson by her first husband. Ray afterwards married Oliver Strachey (Jytton's elder brother) and Karin married Adrian Stephen (Thoby's younger brother).

gardens and villas in which we picnic every day high above Florence have reduced me to a lump of Italian idleness.

We go to bed later and later and gradually find methods of working fresh meals into the day. Last night it was nearly five before we retired.

Oh. Scott is very amusing but he makes me angry by plotting at the greatest inconvenience to himself never to leave me and Ray alone. Everybody tries to bring it about occasionally, but, no, he forbids. . . .

On his return journey he joined his brother Geoffrey in Germany amid mountain snows. Geoffrey, too, was acquiring an interest in high mountains, and, unlike Maynard, maintained climbing as a hobby. He became quite an expert rock climber, and sometimes went on expeditions with George Mallory.

One more term before the Civil Service examination. The cycle of studies had come round to history and political science. There were various distractions: sailing with Knox on the Ouse, playing golf at Royston, going to a farewell dinner for Robin Furness who was off to Egypt, theatres in London. And he still spent much time among his own friends at Cambridge. Even his mother, for all her wise patience, began to get anxious about his lack of application to work at this time.

For the examination, which spread itself out from 3rd August to 25th August, she took a flat in London at 33 Coleherne Court. This time it was to his young friend James that he wrote a *cri du cœur*.

J. M. Keynes to James St. uhey, 2nd August 1906

I was glad to get your letter this evening when I returned pale and dry in the pen from a three hours' disquisition on "Drama, Melodrama and Opera". They are rather a crew — my competitors; a few of the more presentable I knew, but good God! I trembled for our Indian Empire when I saw the bulk of them. It is rumoured that there are very few vacancies in the Home and none in the Treasury. . . . Do come. I hope I shan't have quite sunk beneath the weight of my fate. . . .

J. M. Keynes to James Strachey, 6th August 1906

I am doing my papers all right, but am feeling rather black and perfectly aimless. . . .

I wonder why "someone to talk to" is so comforting.

And how superb a "happy marriage" would be, but might not one want to change sometimes? I doubt whether marriage by itself is a very ingenious institution. But marriage and divorce if necessary—that is from heaven.

Well perhaps it may happen to someone some day. . . .

Unable to bear it any longer, he went, in the midst of the examination, to stay with the Strachey family at Betchworth, at a house they had taken within reach of London for the summer. Miss Philippa Strachey recalls his extreme insouciance and her taking him to task. "Really, Mr. Keynes, is this a pose, or don't you care whether you get into the Civil Service or not?" He reassured her; he had worked it all out; he was quite confident that he would be among the first ten; and, as he didn't mind whether he was first or tenth, why bother? Did this express his true mind? If it did, it was extremely characteristic—to come to a crisp decision about the whole matter and bother no more. Actually his position among the first ten was a very important question. The list of vacancies only appeared after the examination, and Maynard decided that there were only two that he would care to accept—the Treasury and the India Office. The result came out at the end of September—he was second. As his father wrote in his Diary, it was "a wonderful achievement" considering how little work he had done in preparation. The first on the list (who had a long lead over Maynard) chose the Treasury, and thus Maynard had the India Office. Had he been first? That would indeed have required more than a little last-minute cramming at Betchworth. Still, if he had worked really hard, he might have done it. And then what? Had he gone to the Treasury, he probably would not have come out after two years. Would he as a permanent, and not a temporary, Civil Servant have resigned at Paris in 1919? What would have been the balance of good? Rising towards the top of the Treasury in the inter-war period, would he have achieved a better conduct of British finances? We can hardly doubt that Mr. Churchill, the innocent victim, as Chancellor of the Exchequer, in the crucial years (1925-29), of the old orthodox school at the Treasury and the Bank of England, would have found in Keynes a man after his heart's desire. We may guess that Keynes would have influenced the mind of Benjamin Strong of the Federal Reserve Bank of New York. Could he and Strong's successors between

them have availed to mitigate the great slump of 1929-32? Then the Nazis would not have come into power. A fascinating speculation! But then, although no doubt he would have written books — and possibly on economics — they would inevitably have been of a different character. Valuable analyses we might have had, but the strong undercurrent of rebellion could hardly have been present, and, without that, would his works have had comparable influence? Miss Strachey evidently asked a very pertinent question. As she talked to Lytton's clever friend, it could not have crossed her mind that perhaps wars and horrors of untold dimensions hung upon the answer!

Before the result was known he gave himself a pleasant holiday visiting Mr. Henry Hobhouse (Hobbs's father) at Hadspen, his home in Somerset, and then going with Lytton and James and Norton to Scotland. A last wild excess, we may be sure, of talk upon the old subjects.

J. M. Keynes to G. L. Strachey, 4th October 1906

My marks have arrived and left me enraged. Really knowledge seems an absolute bar to success. I have done worst in the only two subjects of which I possessed a solid knowledge — Mathematics and Economics. I scored more marks for English History than for Mathematics — is it credible? For Economics I got a relatively low percentage and was the eighth or ninth in order of merit — whereas I knew the whole of both papers in a really elaborate way. On the other hand, in Political Science, to which I devoted less than a fortnight in all, I was easily first of everybody. I was also first in Logic and Psychology and in Essay.

His indignation was afterwards crystallised in the saying: "I evidently knew more about Economics than my examiners".¹

¹ I am unable to agree with Professor E. A. G. Robinson, who puts in a plea for the examiners in his fine memoir (*Economic Journal* March 1947). On the one hand, we have to consider Keynes absorbing Economics through every pore at Hailey Road, correcting Sidgwick's proofs, reading solidly for some months — and for him that would mean massive reading — and receiving instruction from Marshall and from Pigou at the weekly breakfasts. We have to think of his quick absorptive capacity. When reading the *Principles*, he would not be beguiled by its apparent facility; he would apprehend at once the bare bones of the argument. In his papers he would no doubt have discussed the difficult mathematical substratum, carried the analysis further, raised abstruse difficulties. On the other side, we have to think of the extraordinarily small number of people in England on whom the Civil Service Commissioners had to draw, who were capable of understanding such by-play with Marshall. I have the advantage over Professor Robinson in having been at an eminent University

2

For the next two years his life was divided into two compartments, work in the India Office and study of the theory of probability. Of these the former was much the less important. When at the end of two years he resigned from the India Office he told Page that all he had succeeded in achieving during that time was getting one pedigree bull shipped to Bombay. This was no doubt a Keynesian exaggeration. But there were frequent complaints of his having nothing to do during office hours. "Business is very slack here. I did not do one minute's work yesterday." ¹ "I have not averaged an hour's office work a day this week so that I am well up to date with the dissertation." ² He was initially posted to the Military Department. In November Dr. Keynes notes that Maynard was "getting into the habit of doing his own work in office hours". None the less when he was offered a resident clerkship in the following February, he conscientiously refused in the interests of his own work, although assured by Sir Arthur Godley, the Permanent Secretary, that he should not overestimate the amount of evening work that there would be at the office!

In March he was transferred to the Revenue, Statistics and Commerce Department, where work became more interesting. He had to compile the annual report on "The Moral and Material Progress of India". He did not see eye to eye with the authorities on all questions of morality, but he pleased himself by translating these matters into "beautiful curves". He regretted that this part of his report would be for ever locked in secrecy.

J. M. Keynes to G. L. Strachey, 7th March 1907

I like my new Department. I have not much to write at present, but there is an excellent system by which everything comes to me to read, and I read it. In fact there is so much to read, that it takes me all my time. Some of it is quite absorbing — Foreign Office commercial negotiations with Germany, quarrels with Russia in the

(Oxford) before Economics became the subject of an Honours examination (1923), and I know what extraordinarily jejune stuff passed muster with the authorities as economics (Professor Edgeworth standing apart in glorious isolation); and, after all, Oxford was contributing a fair proportion of those who sat for the Civil Service examination — and perhaps even occasionally an examiner in economics!

¹ Letter to Mrs. Keynes, 9th May 1907.

² Ditto, 6th December 1907.

Persian Gulf, the regulation of opium in Central India, the Chinese opium proposals — I have had great files to read on all these in the last two days.

I lunched at the House of Lords to-day, and Gosse was at the next table; really he is purely a figure of fun, and the company seemed to realise it. I felt very pompous smoking and drinking coffee in the Library afterwards.

Yesterday I attended my first Committee of Council. The thing is simply government by dotardry; at least half those present showed manifest signs of senile decay, and the rest didn't speak.

J. M. Keynes to G. L. Strachey, 18th April 1907

I have really been almost overworked in this office. I really believe that I have written almost every despatch in the Department this week.

Dr. Keynes notes in his Diary that "he is liking his work much better, has much reading, as he sees all papers that come into the Department".¹

Somewhat later he wrote an interesting letter, summarising his experiences as a Civil Servant. Something must be allowed for the frustration of youthful enthusiasm, something for his not yet seeing clearly the inherent limitations in any central department of government, discharging administrative duties under parliamentary control.

J. M. Keynes to G. L. Strachey, 13th September 1907

I'm thoroughly sick of this place and would like to resign. Now the novelty has worn off, I am bored nine-tenths of the time and rather unreasonably irritated the other tenth whenever I can't have my own way. It's maddening to have thirty people who can reduce you to impotence when you're quite certain you are right. I am enraged just now over another memorial. A poor man has been censured for doing X, and after repeated memorials to the Government of India has now memorialised the Secretary of State, vehemently denying that he ever did anything of the kind. I have demonstrated quite clearly that he is wholly innocent of X, but that if he had been charged with a quite different offence Y, and if he had been allowed to reply and the thing had been investigated, he would probably have deserved censure for Y. But it seems to me

¹ Dr. Keynes' Diary, 7th March 1907.

that, whatever else is done, censure for doing X should be cancelled. They say — No, he deserves censure, and therefore censure must be maintained.

This theory that if even a tolerable face can be put on the matter Government never withdraws anything — even in matters of justice — seems to me quite wrong and very dangerous. It was just the same in the affair. — is apparently censured for negligence in his laboratory. Of this he is demonstrably innocent. But Government maintain their position because an entirely different reason renders it undesirable to employ him again in his old position. It is quite clear to me that, whatever they do subsequently, censure for the thing of which he is innocent should be freely withdrawn first. (Don't mention this in public, please.)

Then the preoccupation, which seems characteristic of officials, to save their own skin, is fatal. Drake's dread of taking any responsibility is almost pathetic. And of course it prevents any original or sporting proposal ever being made. With this machine there is not the least chance of anything's being done rashly or precipitately; so that the risk to India of free speech in the India Office is nil. But you may be "snubbed". Lord!

Or again, the public write in to obtain information on some point. One has material which isn't in the least secret and which may prove most useful to them. But they mustn't have it unless it is *absolutely certain* that the information is correct in every detail — even if you add qualifications "probably", "as far as we know", "without guaranteeing". What "absolutely certain" means is that somebody other than yourself is responsible for its accuracy.

The consequence is that although one is most careful to acknowledge letters by return of post and to spend an infinite amount of trouble finding out what is "absolutely certain", your final letter to the public is not worth the postage, although as the result of your investigations you may be bubbling with information of ordinary reliability.

Like your impression of Huist, this may be highly coloured; but I am sure it is substantially just, and the colouring, like that in the microscope slides of dissections, only put on to make it intelligible.

All my thoughts are on Probability. . . .

He had a "service" flat at 125B St. James's Court. He had more than a fortnight's leave at Christmas and decided to go off with Lytton somewhere. Should it be Paris? Expense was a drawback; but they decided that the cost of the journey and a week in Paris might reasonably be kept down to £5 a head. Maynard had a slight qualm — it seemed rather "wicked" to

go off to Paris. In the event they went to Rye, and afterwards he spent Christmas at home.

Although Maynard was a humanist, and his sympathies comprehended the female sex, he did not show any marked leaning towards feminism and "women's rights" in the narrower sense. But he was always ready to enter with enthusiasm into the affairs of his friends, and when Miss Philippa Strachey became deeply involved in organising a great procession and demonstration on behalf of the Society for Women's Suffrage, his services were at her disposal. This was the first big public demonstration in the Women's Suffrage campaign and was a notable landmark. Three thousand women proceeded on a very wet day from Hyde Park Corner to Exeter Hall. This was afterwards known as the "Mud March". A band had to be found, and Maynard accompanied Miss Strachey on a dark and foggy winter's evening to Bermondsey, where the location of the band was only identified by strains of practising coming from behind a high bleak wall. On the day, he was put in charge of arrangements at the Exeter Hall. He arrived in good time to make the necessary plans for the reception, but he found the hall barred and bolted. Matters looked black. However, he managed to get it opened in the nick of time. A letter is extant from the Secretary, Miss Bompas, thanking him for his valuable services as steward.

In the Easter vacation he went to Paris and stayed with Duncan Grant, and afterwards to North Molton in Devon, where there was quite a party of Moore, Strachey, Bob Trevelyan, Sanger and others.

G. L. Strachey to B. W. Swithinbank, 31st March 1907

At this moment Keynes is lying on a rug beside me, turning over the leaves of a handbook on obstetrics which seems to keep him absorbed. Norton is next to him on a camp-stool, and it is he who is writing mathematics. Next to him is Bob Trevy, under an umbrella, very vague and contented, and planning out his next *chef-d'œuvre*. I should have mentioned that I am on a basket chair (with plenty of cushions in case of accidents), and that I am perfectly happy, as I am writing to you instead of doing what I ought to be doing, viz., composing a preface to Warren Hastings. . . .

. . . Oh dear! Keynes has deserted his obstetrics and become absorbed in Norton's mathematics. He declares that gamma is a

function of theta, but Norton thinks that he is integrating PV and so none of it will do. How shocking. . . .

More holidays came in July, and he went off mountaineering, not with the superb Young this time, but with his father, his brother Geoffrey, and Fay, in the Pyrenees. Unfortunately Dr. Keynes and Geoffrey had to return unexpectedly early; Maynard found his way down with Fay to the hotel at Biarritz.

J. M. Keynes to G. L. Strachey, 13th July 1907

You would adore this place — so do I. The climate is absolute perfection — never a cloud, never hot, never cold. And the food — the food is divine. And the tea shops, not Rumpelmeyer, but as good, I think. Yet there are two clouds. I lose the most appalling sums at *Petits Chevaux*, and it is doubtful whether I shall have enough money to provide any meals on the journey home. Last night, I finished up by losing forty times running; and I have had other spells almost as bad. [Fay recalls that Maynard did his utmost to replenish his funds for gambling by drawing on him, but met with no success!]

The other cloud is the ugliness of the people in these parts, including the visitors. I don't like the Basque type — in fact it is hideous.

But then I should add that I have left my heart in Aragon, the most beautiful country in the world, whence I have lately returned, having spent three days in a peasant's hut.

About a week ago I had a letter from Godley saying that he had thought it right to call Morley's¹ special attention to my Minute on the Madras Malikhana case, and enclosing an autograph letter of compliments for me from J. M. He did not say whether or not he had reversed the damned Committee and agreed with me.

Fay also recalls that at this period, when they had naturally discussed the great question of one's future, it never crossed his mind that Maynard would become a professional economist. He assumed that, were Maynard to return to academic life, it would be as a philosopher. In writing to Pigou in the following winter, Maynard said that, should he return to Cambridge, his field of study would be Logic and Statistical Theory.

Leave certainly seems to have been not inadequate, for in the

¹ John Morley was at this time Secretary of State for India.

middle of October we find him settling into some rooms in King's College to pursue his researches for a fortnight. There is no doubt that he was working very hard on Probability at this time — probably harder than he had worked for many years. He seems to have resisted the temptation, for which this residence in King's during the first fortnight of the Michaelmas term provided such a unique opportunity, of making a minute inspection of the new arrivals.

The culmination of his work on Probability was to be the submission of a dissertation as a candidate for a Fellowship at King's. Each year King's offers a small number of Prize Fellowships. Success would not necessarily mean abandoning one's career as a Civil Servant. It would simply be an honour and carry a very small stipend. On the other hand, it would clearly be an encouragement to return to Cambridge life, by its implication that one was of the necessary standard.

The College appointed as assessors W. E. Johnson, Maynard's old friend of childhood, and Alfred Whitehead. This seemed sufficiently propitious. But Maynard was not elected. It was a great disappointment. Page, who had by this time become an eminently proficient mathematician, and Dobbs, a classic, were the successful candidates. The election was hotly contested; a Fellow of King's, writing the next day, said that he thought they must have voted about fifteen times.

J. M. Keynes to G. L. Strachey, 23rd March 1908

I have had a very interesting time at Cambridge and heard all about everything from Figou. I really think it was sheer bad luck — a hair would have turned the balance; also a little wickedness on their part, for P. says that there was a solid block who voted against me from the beginning *on the express ground of seniority*, while admitting that on merits I was better. . . .

I was also damaged, I think, by Whitehead's report. He is a follower (an ardent follower) of Venn! and it seems to me from his criticisms, which are futile, that he can have understood very little of the philosophy. He praised the formal logic and the mathematics. Johnson's report is almost as favourable as it could possibly be. I spent most of Sunday talking to him, and he had made a great number of very important criticisms, which, with the exception of one fundamental point, are probably right, and practically presented me with the fruits of his own work on the subject which have extended

over years. On the pure logic of it he is, I think, quite superb and immensely beyond anyone else.

Pigou seems to have struggled nobly on my behalf — but I will tell you details to-morrow. I still have the subject on the brain.

Please bring Darwin vol. ii.

Yr.

J. M. KEYNES

Really Whitehead's report was not competent. Of my two most important and original chapters, which, whatever their truth, are entirely novel, he says "are really excellent discussions and expositions, but — as I suspect — contain little that is new to a fairly well instructed philosopher". While Johnson says "it is highly original, very neatly executed, and meets an urgent need in logical science". Whitehead ought not to have said it was old, unless he himself knew of some passage where it had been said before. It is no good "suspecting" that it must have been said before, because it seems reasonable.¹

The reports of Johnson and Whitehead were both very good, praising the dissertation as an important contribution to knowledge. It was indeed a lucky college to have two better men! Whitehead, it is true, dealt rather roughly with certain passages, but on being asked by Pigou to make a further statement, he said that his report as a whole had been intended as "very favourable". All his friends encouraged Maynard with rosy hopes of success in the following year.

Soon after this the question was mooted whether he should not return to Cambridge without a Fellowship. His father had had some doubts of the wisdom of his giving up the India Office, even with a Fellowship, and wrote in his Diary before the result of the election was known: "He will be throwing up a certainty and taking risks. That fits in with his scheme of life, not with mine."

¹ Keynes may well have been in the right in this criticism. It is possible that Whitehead was not widely read in philosophy outside his range at this period. I remember a remark which he made to me as late as some time shortly after the First World War. He was not predisposed to expect good philosophy to emanate from Oxford, but he praised *Kant's Theory of Knowledge* by H. A. Prichard, on the ground that it made it unnecessary for one ever to think of reading Kant. Good Kantian scholars know that whatever the other virtues of Prichard's book — and it was a notable philosophical contribution — it did not have this one. Whitehead's reading in general philosophy became more extensive later. It was not his professional duty to have wide philosophical knowledge until he was appointed to the Chair at Harvard in 1924, at the age of sixty-three.

Alfred Marshall had been in the habit of paying out of his private pocket two sums of £100 a year each in order to sustain lecturers for the new Economics Tripos at Cambridge, and in April, although soon about to retire from his Chair, he wrote to Keynes offering him a lectureship in Economics on these terms. Keynes was interested. The Economics Tripos, first established in 1903, had been looked after by the Special Board for Economics and Politics. When this met on 3rd June 1908, it had to face a minor crisis in its affairs. Pigou had just been elected to the professorship in place of Alfred Marshall. Marshall had at once withdrawn from Chairmanship of the Board, and on 3rd June Dr. J. N. Keynes (Maynard's father) was elected to the Chairmanship in his place, a position he was to hold until 1919; but at this particular meeting Professor James Ward, who had been Chairman of the Board in its early stages, resumed his place. Marshall's self-effacement went further. He had intimated that he did not intend to continue lecturing. This was to give Pigou, who was still only thirty-one, a fair chance to become established as the principal lecturer upon the subject, and to give himself the greatest possible amount of time to complete the volumes planned in succession to *The Principles of Economics*. Admirable although this policy was, it meant that the number of first-rate lecturers available to the Board was reduced by one. Meanwhile a letter was read from H. S. Foxwell, who was very sore at the election of Pigou, so much his junior, to the Chair, stating that he did not intend to continue lecturing. Furthermore, Mr. D. H. MacGregor,¹ the other principal lecturer on economics for the Tripos, had been appointed to the Chair at Leeds. There was evidently sore need for replenishment! A letter was read from Pigou, generously offering to pay £200 from his private pocket for two lecturers, as Marshall had done. The Board decided to offer one of these lectureships to Walter Layton,² and the other to the young Keynes.

On 5th June Keynes resigned from the India Office.³ His father made him an allowance of £100 a year; he was to have £100 a year from Pigou; that was all the certainty. He would undoubtedly earn money by lecturing and taking pupils, but the rates were low in those days and there were barely more than

¹ Drummond Professor of Political Economy in Oxford, 1922-45.

² Now Lord Layton, distinguished economist and authority on international affairs, and editor of the *Economist* newspaper from 1922 to 1938.

³ He was succeeded in his position there by Mr. (now Sir Cecil) Kisch.

twenty men in the whole university reading for the Economics Tripos. Should he succeed in being elected to the King's Fellowship in the following March, he would get a stipend of £120 a year. It suited him to take the risk.

J. M. Keynes to Dr. J. N. Keynes, 18th July 1908

I have finished up with a week of quite hard work, and have been in charge of the Department for the greater part of the last two days. It seems quite like dying — initiating stages in pieces of work which move heavily on, knowing that one will never see the outcome. I spent the morning mastering the arrangement of the Customs Department — the knowledge dies with me. But I have no regrets — not even now that it has come to it — not one.

In these two years, he had gained the knowledge of how a Government Department works. One might almost say that such knowledge should be regarded as an essential part of an economist's education! He had acquired an interest in Indian affairs, the problem of the rupee was the liveliest issue in the field of money in those days, and Keynes was to make his debut as an economist by his treatment of that subject. His brief spell at the India Office had a consequence which was more important than either of these. He had made his abilities known to the officials of the Office. That knowledge was a necessary link in the chain of events which brought Keynes into prominence in public affairs fairly early in life. He might well have achieved prominence in other ways, but his path would necessarily have been more devious.

At about this time there occurred an event which was to have an important influence for many years in his private life. It may be defined as follows: for some years before this, his reply to the question, "Who is your greatest friend?" would undoubtedly have been "Lytton Strachey". From about this period until his death, the reply would have been "Duncan Grant". It was not a question of the one supplanting the other, for the relation to each was different. There was no break in his friendship with Strachey, and their correspondence continued for a number of years. There is a subtle question involved concerning the kind of friendship which satisfies one's innermost needs at various phases. In Strachey he had found a kindred spirit of rebellion against Victorian conventions; he had been able to learn from a somewhat older man; he had been fascinated by

his genius; he had been succoured by his power of sympathetic understanding. They both had dominating personalities; they both had in some sense a mission. Is it putting it too simply to say that Keynes' mission was to make men think differently on important matters, Strachey's to make them feel differently? Strachey continued to be poor, having to eke out his livelihood by journalistic work; he only gained a good footing on the publication of *Eminent Victorians* (1918), at the age of thirty-eight. But all this time he was, within a circle of intellectual friends, establishing a kind of dominance. He was struggling to find self-expression, he was asserting himself, he was diffusing his influence.

Thus there was the possibility of an uneasy relation. Eager as Keynes had been to learn what Strachey had to offer, appreciative as he always was, it was clearly impossible for him to be one of a group of followers. He had his own far-reaching and commanding powers. Yet within this circle, to which Keynes freely chose to attach himself and with which some inner urge compelled him to maintain his intimacy, it was Strachey who had to be the leader by reason of the principal interests of the group. They were not mainly concerned with economics or logic or public affairs or university matters, but with art and literature. It was Keynes' great intimacy with Duncan Grant that gave him his special and congenial position in the circle, neither as leader nor follower.

Duncan Grant combined a delightful and winning personality with a very good intellect. In the correspondence between Keynes and Strachey there were recurrent references to Duncan's fine intelligence. By comparison with Strachey he was *rangé*. He had, of course, his periods of depression and he had a struggle to achieve his full potentiality in his painting, but that form of self-expression was less competitive in a social group than Strachey's, who felt an inner compulsion to gain acceptance for his points of view. Grant was less restless and volatile. Not that he was merely a passive figure; he was strongly original, and had abounding interests and an eager flow of spirit. Keynes found him an ideal companion.

After leaving the India Office he immediately went up to Cambridge, at which the Long Vacation period of residence was proceeding. We hear at once of new figures — Gerald Shove¹

¹ The well-known economist.

and Hugh ("Daddy") Dalton.¹ Shove was destined to be on intimate terms with the Keynes-Strachey circle for many years; Dalton diverged on to a somewhat different path at an earlier date. Later in the year, when Keynes finally settled down at King's, we hear also of Francis ("Frankie") Birrell and George Mallory. The former of these remained an intimate until his death; the latter was a special friend of Geoffrey Keynes. Rupert Brooke was already an established figure in Cambridge.

Keynes got quickly to work upon Probability. He had had the benefit of comments and suggestions by W. E. Johnson. Whitehead also sent him an exposition of the points in which he was in incomplete sympathy. During the summer there was a joint discussion on Probability with Russell and Moore.

Early in August Keynes took Margaret, his sister, over to visit Mrs. Berenson, then staying at Court Place, Ifley, near Oxford, where the company was gay and living very comfortable. "In a few minutes we are going in the launch to Christ Church to see the pictures in the Library there."² What a delightful way of "doing" Oxford! But the high point of the year was a stay for some two months with Duncan Grant in the Orkneys, Duncan being busy painting -- his work including a portrait of Maynard -- while Maynard was busy working on Probability. The result appears to have been successful.

J. M. Keynes to Duncan Grant, 5th February 1909

I met Whitehead in the street to-day and he stopped me to speak about the Dissertation. He says that the new version has now convinced and converted him on the fundamental point on which he formerly disagreed with me. His conversion was due to the chapter which I wrote chiefly in the field above Stromness, and a reference to the argument brought back to me quite clearly the view of the harbour. He thinks I had better publish at once with a few minor alterations, without waiting to get the argument completely filled in regarding certain points which I have left so far in an unsatisfactory condition.

He came south at the end of October. He was invited to give advice on certain points in the next annual report on "The Material and Moral Progress of India". He had to dismantle

¹ Well known in due course as a leader of the Labour Party: Chancellor of the Exchequer, 1945 to 1947.

² Letter to Duncan Grant, 8th August 1908.

his flat in London and, having had an attack of influenza, did not settle into College until the end of November. He retained a *pied-à-terre* in London by sharing with Duncan Grant accommodation in Belgrave Road. Meanwhile he was finishing off his dissertation. We may anticipate by saying that Johnson and Whitehead wrote still more favourable reports upon it when it was re-submitted; Whitehead explained that his doubts on certain points had been removed. In the following March, Keynes was elected a Fellow of King's, which he remained until the end of his life.

3

Between 1906 and 1911 Keynes was devoting all his spare time to the theory of Probability; indeed, we may state the matter more emphatically by saying that the main stream of his intellectual energy was flowing into this work; his other activities were comparatively easy for him, and he could take them in his stride. After his failure to be elected to the Fellowship in 1908, he attacked the problem with renewed zest for re-submission; after his election he read widely in the subject and greatly enlarged the book for publication.¹ In 1912 other work supervened, and his treatise had to be left on one side until 1920, when he polished it up before its appearance in 1921. Thus it was his main work from the age of twenty-three to twenty-nine.² In the case of some men of outstanding powers, their constitution or environment prevents full fruition until a later date. But Keynes developed early, and his environment was not such as to inhibit work of the best quality. Indeed we may believe that his intellectual powers at this period were at their height; his treatise must be regarded as embodying a substantial proportion of his best life-work. It would be quite wrong to think of it as a *jeu d'esprit* thrown off by an economist to show that he had some philosophical capacity also.

The task he set himself was a gigantic one. It was nothing less than to cover the whole field of empirical thinking, whether

¹ There was during this period a review of *Éléments de la théorie des probabilités*, by Émile Boule, in the *Mathematical Gazette*, March 1910: and of *Wahrscheinlichkeitsrechnung*, vol. ii, by Emmanuel Czuber, *ibid.* October 1911.

² J. M. Keynes to Dr. Marshall, 13th September 1910: "I have been spending all this Long on my Probability Treatise to the exclusion of everything else, and am glad to say that the end seems in sight. It has occupied all my spare time for the last 4 years, and I shall not be sorry to be free again for other things." But more remained to be done.

resulting in the widest and most abstruse generalisations of physics or in the commonplace knowledge about the facts of our everyday life. Thus Keynes set himself to examine the validity of the processes by which we obtain all the constructive knowledge that we have. He had to examine the principles of induction. Since no knowledge acquired by inductive reasoning reaches the level of absolute certainty, he had to examine the theory of Probability. He set himself to weld the abstract theory of Probability to the theory of induction more closely than earlier writers had attempted, and to deduce all his principles from a minimum number of self-evident axioms, in the manner in which Whitehead and Russell had deduced the whole of mathematics from a minimum number of definitions and logical axioms. While there had been many treatises on probability and much writing about induction, it would be difficult to find a parallel for a comprehensive attack of this kind since the days of Aristotle. In Mill's treatise there is little serious tackling of the theory of Probability.

It is usually maintained, and Keynes himself did not dissent, that these abstruse speculations about the validity of empirical knowledge are of merely academic interest, since the scientists will proceed with their good work without too much concern about its logical foundations. It is possible, however, that the position is now changing. The Quantum Theory has recently been taking a course which seems to run counter to normal scientific progress, in that it has to multiply (rather than reduce) the number of fundamental entities, the existence of which has to be assumed. And there are the puzzles connected with indeterminacy. It may well be that before we reach the next great simplifying synthesis, which will surely come in time, there will be some confluence between ordinary physical thinking and the philosophical theory of the relation between items of evidence and the facts which they are deemed to support. Thus these fundamental logical speculations cannot be ruled out as inevitably of no practical use. It must be emphasised that Keynes' work is concerned with the foundations of Probability, and not with the working mathematics of it. Statistical mechanics proceeds apace, using far more abstruse mathematical methods than are to be found in Keynes' treatise. That book, despite its ample display of mathematical symbolism, is not a contribution to the mathematical theory of Probability. It is concerned with the logical substructure of that theory.

What were the qualities displayed in the *Treatise on Probability*? First we may note the purely logical faculty, the power of distinguishing the finest shades of difference between arguments of deceptive similarity. This logical faculty is different from that of the pure mathematician. We have seen that Keynes did not attain the highest flight of mathematical proficiency. The mathematician is working at every point with symbols which guide and govern him, although he has to become their master. The logician at certain points has to dispense with this guidance and depend upon intuition. In the intuitive perception of distinctions and of relevance, Keynes probably ranks with the greatest logicians.

Secondly, he displays a special kind of mathematical ability which is distinct from this logical ability. For the purpose of deducing the ordinary theorems of the mathematics of Probability from a few general logical propositions, a special kind of mathematical apparatus had to be used. Very few persons at that time, perhaps only two in England, were adept in this particular form of mathematics. Both have given their verdicts, in view of which we are able to give Keynes high marks for his proficiency in this very special and difficult field. In his report on Keynes' submission on the first occasion, Whitehead wrote :

'Turning now to the mathematical division of the dissertation . . . His symbolism is excellent ; it has the great merit that accompanies good symbolism, that essential points which without it are subtle and easily lost sight of, with it become simple and obvious. Also his axioms are good ; they are simple and few and by the aid of the symbolism he deduces the whole subject from them by rigid reasoning. The very certainty and ease by which he is enabled to solve difficult questions and to detect ambiguities and errors in the work of his predecessors exemplifies and at the same time almost conceals the advance which he has made.

In his review of Keynes' book as it finally appeared, Bertrand Russell wrote :

The mathematical calculus is astonishingly powerful, considering the very restricted premises which form its foundation. . . . The book as a whole is one which it is impossible to praise too highly and it is to be hoped that it will stimulate further work on a most important subject which philosophers and logicians have unduly neglected.¹

¹ *Mathematical Gazette*, vol. xi, July 1922.

It should be noticed, however, that this praise was relative to a first attempt. I believe the expert view now to be that the mathematics are by no means impeccable.

Thirdly, there was his immense erudition in the history of thought. It may well be that Keynes had a wider knowledge of the literature of probability than he ever acquired in his chosen subject of economics. Complaints were made that his treatment of it was somewhat sporadic, and that he did not present the reader with a clear view of the general development of the subject. He might well have replied that he was using historical sources for their relevance to the central problems which he was endeavouring to solve. To have given an outline of the historical development of empirical logic would have required a separate volume.

Finally, we come to a quality which is more important than all these and more difficult to define. It is to be emphasised that his subject-matter was a vast one. In some parts of the field precise and rigid mathematical work had already been done; others had only been treated somewhat vaguely; all had been treated from various points of view and with conflicting conclusions. The authorities were numerous, and the subject no less than the whole of human knowledge itself, save for that part of it which is contained in purely deductive processes. Keynes displayed the most astonishing ease in moving about this tremendous field. He had a keen eye for the mutual relevance of apparently widely separated problems. Most important of all, he showed the quality of realism in a very high degree. One may proceed from certain assumptions and develop an elegant theory of probability; Keynes was quick to reject theories which, however meritorious in themselves, did not apply exactly to the actual processes of thought which man uses in his scientific or general reasoning. The power of apprehending simultaneously in his mind widely disparate theories and facts, the fine judgment of relevance and intense realism — these are his great qualities. To them we must add his faculty for developing a chain of rigid logical reasoning, once he had assured himself that he had achieved relevant premises and was not merely spinning fine theories in the void.

It will at once occur to economists that these were the same qualities that marked his theoretical work in economics. He was second to none in his logical capacity for developing a fine-spun theory; but he was entirely averse from doing so save when he believed his premises to be realistic and his conclusions applicable

to life. His realism was unsurpassed among economists of his calibre. He had an extraordinary capacity for going below the surface of things. This keen sense of reality, this power of visualising how tendencies do in fact work themselves out in the market-place, is not often combined with first-class theoretical power.

In his biography of Alfred Marshall, Keynes emphasised the point that Marshall understood that the task of the economic theorist was something more extensive and more difficult than the development of a mathematical technique. He inserted the following footnote :

Professor Planck of Berlin, the famous originator of the Quantum Theory, once remarked to me that in early life he had thought of studying economics, but had found it too difficult ! Professor Planck could easily master the whole corpus of mathematical economics in a few days. He did not mean that ! But the amalgam of logic and intuition and the wide knowledge of facts, most of which are not precise, which is required for economic interpretation in its highest form, is, quite truly, overwhelmingly difficult for those whose gift mainly consists in the power to imagine and pursue to their furthestmost points, the implications and prior conditions of comparatively simple facts, which are known with a high degree of precision.¹

I happened to sit next to Keynes at the High Table of King's College a day or two after Planck had made this observation, and Keynes told me of it.² Lowes Dickinson was sitting opposite. "That's funny," he said, "because Bertrand Russell once told me that in early life he had thought of studying economics, but had found it too easy !" Keynes did not reply. It was unlikely that Russell's remark was to be taken with the seriousness that Lowes Dickinson seemed naïvely disposed to attribute to it.

The *Treatise on Probability* did not appear until 1921. Bertrand Russell's review was full of high praise.³ 'There was a favourable notice' by Mr. Harold Jeffreys,⁴ who with Dr. Dorothy Wrinch had already begun to work on similar lines, and who has since become the greatest expert on the subject. There were other good reviews, not all of which showed understanding of the

¹ *Economic Journal*, 1924, reprinted in *Memorials of Alfred Marshall*, p. 25.

² He had just returned from Berlin, where he had been advising on the depreciation of the mark in November 1922.

³ *Op. cit.* For some points raised in the review, see the note which is appended to this volume.

⁴ *Nature*, 2nd February 1922.

purport of the work. There were some unfavourable reviews. Certain persons of actuarial training showed irritation, not realising that they themselves had not the faintest idea what the philosophical problems were that Keynes was trying to solve. A full and favourable appreciation was given in *Mind* by Professor C. D. Broad, who had been through some of the proofs with the author and Russell in 1914. A year later, however, there appeared in *Mind* an article on the *Treatise* by H. W. B. Joseph, a philosopher of considerable reputation in his own University of Oxford. It can hardly be claimed that he had really tried to comprehend the central features of Keynes' thought. He and those who agreed with him at Oxford were extremely hostile to the ideas of Russell and Whitehead. Joseph was alienated by their manifest influence upon Keynes, and used his space rather for general skirmishing with the Russellian presuppositions of the book — there is a contemptuous reference to Russell's "lingo" — than for close grappling with Keynes' original contributions. The review was hostile, and at one point Joseph wrote that "Mr. Keynes is no safe guide in fundamental logical problems".¹

Keynes was staying with me in Christ Church some time after that, and I thought that it would be suitable to bring these eminent persons together. Accordingly I invited Joseph to breakfast — breakfast was still often made a social occasion at Oxford in those days. When I told Keynes that Joseph was coming to breakfast, I detected a look of pain on his face. But I was not alarmed, because I thought that I had provided adequately for his comfort by arranging that the breakfast should be at 9.30 A.M. "Breakfast is at 9.30," I said. But his pain was not much assuaged. "It is a very long time since I have got up as early as that," he said, "but if Joseph is coming . . ."

Throughout his mature life, and long before his serious illness in 1937, he made it a habit of lying late in bed, to conserve his energies. His morning post was brought to him and considered; the financial intelligence which he received was carefully scrutinised; the decisions of the day were taken; letters were dictated: in fact most of what might be called his office work was conducted before he rose from bed. Thus, when he did finally get up, he had

¹ On the appearance of Joseph's *Introduction to Logic* (1907) Dr. Keynes had written to his son: "I began reading Joseph's *Logic*. I thought that in the first chapter he put some points well: but in the other chapters I have read it seems to me confusion of thought almost from beginning to end. A good deal of it is not even worth serious criticism. I agree with your pencilled comments."

a clear day before him for seeing those whom he had to see, for his solid work of writing, or for meeting his friends.¹

Mr. Duncan Grant recalls how, when he was sharing an apartment in London with Keynes, the telephone bell rang. He had a receiver by his bedside. It was still dark. He turned on the light and looked at his watch. It was 7 A.M. He took up the receiver.

Voice: "This is Margot Asquith. I want to speak to Mr. Maynard Keynes."

Duncan Grant: "I'm sorry; Maynard is still in bed; I do not think that I can disturb him."

Margot Asquith: "Well, tell Maynard Keynes from me that if he does not get up earlier than this he will never get on in the world."

On the occasion of the Oxford breakfast Keynes played his part and appeared punctually. A minute later Joseph came bustling into the room. "I have been taking two pupils," he said; "I put on my nine o'clock pupils at 8 15, in order to breakfast here."

But I had not the heart to raise the issue of Probability at the breakfast table. The conversation eventually turned towards the Social Credit theories of Major Douglas. Joseph gave an elaborate refutation. He, like Moore, had developed a style which purported to carry ordinary prose to the extreme limit of clarity and precision of expression. But there was a difference. Moore's style, for all its straining after precision, retains a certain flexibility and vitality, adapting itself to weak human nature, so that one can follow all the difficult twists and turns as they proceed. Joseph's style was more mechanical, and less thoughtful of his auditor. He had certainly, by long habit, acquired a facility for stating with a high degree of accuracy precisely what he meant to say. None the less, it was extremely difficult for the listener to apprehend what he meant. The sentences were often long and contained many subordinate clauses. They succeeded each other quickly. It was an astonishing *tour de force*. Polysyllables were avoided, and the sentences always seemed to end grammatically, as they should. One had the sense that, if only one could have each sentence before one and study it carefully for a

¹ For an alternative way in which another great man, albeit of far robust constitution, conserved his energies, see *The Gathering Storm*, by Mr. Winston Churchill, p. 329.

long time, one would be able to apprehend its meaning, and that its meaning would be clear. But as his speech went rapidly forward, each sentence faded out into oblivion, and one realised that one would never grasp the thoughts that had been set before one. I do not know whether Keynes' abnormal powers of quick apprehension rose to this forbidding ordeal. At the end of Joseph's lengthy and elaborate refutation, Keynes summoned up his most gracious manner and leaning forward said: "That is the most clear and admirable exposure of Major Douglas's fallacies that I have ever heard."

Some time after that I met Alfred Whitehead. Keynes had been to him for advice. He had been hotly indignant at Joseph's article, and eager to rend him. Whitehead had strongly dissuaded him, on the ground that the article was so irrelevant as to be unworthy of his attention. No rejoinder was in fact written. Whitehead added that he had also had in mind that Joseph was "really a silly man", and he recalled an incident which I knew already. When I was an undergraduate and secretary of a philosophical society,¹ I persuaded Whitehead, whom I had known since boyhood, to come up and read a paper to it. He consented with some reluctance, on the ground that the mocking atmosphere of Oxford disturbed those "pieties" which he cherished. His paper gave rise to a discussion of "relations". A relation was one of those indefinables of which, according to Joseph, one had a direct understanding, and that understanding vouchsafed the information that a relation had two terms and two terms only. Whitehead insisted that a relation might have more than two terms. He cited the instance of the apices of a triangle. One could not specify the relation between two of the apices without also referring to the third apex, which thus constituted an essential ingredient in the relation. Joseph was obdurate. "It was of the nature of a relation to have two terms only." But why? "If one understood what a relation was, one knew that it could only have two terms." Whitehead was disgusted. This was merely a "silly man". Keynes was spared much trouble, for Joseph would undoubtedly have made a rejoinder, and, for all his failings, had formidable powers as a controversialist. Thus Joseph's obstinacy in regard to the two terms of a relation released a considerable portion of Keynes' energies at his maturity for the benefit of economics

¹ The Jowett Society

The only criticism which disturbed Keynes at this time came from another quarter. There was an undergraduate at Trinity, Cambridge, who had recently arrived from Winchester, the son, like Keynes, of a Cambridge don.¹ This was Frank Ramsey.² Keynes quickly spotted him as a young man of outstanding genius. Although he was still an undergraduate when the *Treatise* appeared, his criticism carried more weight with Keynes than any other, and it is not clear that Keynes felt that he had a satisfactory answer to it.³

After the publication of the *Treatise*, Keynes did not make further contributions to logic. We may suppose that his interest continued. He proceeded to add the great classics of the subject to his library, and he read more of what he bought than most bibliophiles. I recall an incident towards the close of his life. I was a member with him of an inter-departmental committee on economic problems during World War II, and had circulated a lengthy memorandum for the business of the day. He came into the room after I was seated, and touched me on the shoulder as he passed my chair: "I am afraid that I have not had time to read your memorandum, but I have been reading your paper on Memory."⁴

(A further account of the contents of the *Treatise* is given in the Appendix to this volume.)

¹ A. S. Ramsey, mathematician and Fellow of Magdalene College.

² See Chapter VIII (4) below.

³ See Appendix to this volume.

⁴ This had recently appeared in *Mind*, January 1942.

CHAPTER IV

FELLOW OF KING'S

1

IN 1908 economics at Cambridge had for long been dominated, and was for long to continue to be dominated by the personality of Alfred Marshall. Keynes has himself supplied us with a brilliant account of his character, work and influence.¹ Marshall had qualities which fitted him for scientific leadership. His reading in his subject was very great, and the standard which he insisted upon for his own publications very high. His every sentence was carefully weighed and polished. He had a sense of responsibility and a consciousness of his own eminence, which made him give thorough judgment before pronouncing, as though he were indeed a wise monarch issuing decrees to his subjects. He was a fine theorist, and in his younger days spent much time in elaborating a mathematical framework, but, as we have seen, he did not confuse economic excellence with proficiency in manipulating symbols, and did full justice to the need for the study of institutions and to the difficulty of obtaining an understanding of their inner modes of operation. Hence his admiration for Keynes' early work in the field of money. Without sacrificing one scintilla of the requirement for truthful and impartial study, he was something of a diplomat in regard to the presentation of his work. He was anxious to make it acceptable to various types of reader, business-men, labour leaders, etc., and, with this in view, at times tended to conceal the abstruse mathematics by which he achieved some of his results. For the general reader he made economics seem somewhat easier than it really was, although the students at Cambridge were made aware of the various pitfalls. Furthermore, he was extremely anxious to maintain the unity of the subject, both in time and place. He knew that economic

¹ Obituary notice in the *Economic Journal* September 1924, reprinted in *Memorials of Alfred Marshall* (edited by A. C. Pigou, publ. Macmillan, 1925) and in *Essays in Biography*, by J. M. Keynes, 1933.

controversies exposed it to the contempt of the ordinary man. He sought to find some good in various schools of thought and to preserve historical continuity, such as exists in the more developed sciences. In Cambridge, his leadership was paramount; on the whole his pre-eminence was recognised in Britain generally; and his reputation was world-wide. At Oxford, Professor F. Y. Edgeworth, an original economist of notable achievements, was his unqualified admirer.

While his work in pulling the subject together and establishing an authoritative text (his *Principles*) was of great value, his predominant position had disadvantages. In due course there became discernible some spirit of rebellion in London, or, one might say, of competition against his monopoly; this tradition may have accentuated controversy between Cambridge and London at a later date.

Marshall thought that the fundamental principles of the subject were now fixed beyond dispute, and that the next generation of economists would be free to concern themselves mainly with the application of these principles to all the bewildering variety of institutions and practices in the real world. Or the whole, the Cambridge school, including Keynes, carried out this programme, Keynes devoting himself particularly to currency and banking questions. There were disadvantages in the Marshallian programme. The hold of a scientific system which consisted essentially of definitions and classifications, and contained no quantitative laws, was precarious. Such a system ought to be subjected to constant challenge, in the quest for still better classifications. There was something unnatural in the state of calm imposed by Marshall. The established system began to acquire an odour of sanctity, which was unhealthy. When Keynes, a quarter of a century later, proposed a reclassification in part of the field, he met with much opposition, not all of which was purely rational.

At the point of time with which we are concerned, Marshall had just been succeeded by Pigou. He withdrew from active participation in educational work at Cambridge; but his *Principles* and his monetary theories, embodied in evidence before successive Royal Commissions and in the lecture-notes of Cambridge pupils, continued to govern the thought of the place. Pigou was his disciple and favourite pupil. He was a man of wide interests, and had partaken in the keen discussions of the Dickinsonian

circle about life and art and social welfare ; he has to his credit publications on theism and on Browning. He had also been President of the Cambridge Union, where his speeches on the fiscal controversy were long remembered. There was more fire and passion in his oratory at this time than in that of Keynes, who tended to limit himself to the strict argument.

Pigou made a notable impression as professor. Tall, athletic, lucid and unadorned in his lecture manner, yet going very effectively to the heart of the subject, he created great confidence. What appealed above all were his simplicity and utter lack of affectation or of pomposity. He was friendly and talked with the young on terms of equality. He usually had some very close friends among the choice spirits, who would be taken with him during the vacations to share in the ardours of mountain climbing. In later years he gained the reputation among economists of being somewhat inaccessible. He was always ready to deal with specific difficulties, but did not much care for general economic discussion, still less for interviews with those who only came to him in a sight-seeing spirit. I remember a letter from a Japanese student, whom I had permitted to attend my lectures. He had visited Cambridge with imperfect success. Pigou he had found away ; the gate-keeper of Marshall's graveyard was also away, so that he could not obtain access to the grave ; but he had been lucky enough to have an hour's conversation with Mr. D. H. Robertson. He was now on his way to Scotland, where he hoped to have better luck with Adam Smith than he had had with Marshall or Pigou. Pigou, had he been in Cambridge, would not have welcomed a visit of this character.

The first examination for the Economic Tripos (Part I) in Cambridge was in 1905 ; and the first Part II examination was in 1906. Numbers were small. Candidates for the two together rose from six in 1906 to twenty-five in 1910. W. E. Johnson lectured on advanced theory, Lowes Dickinson on political science, J. H. Clapham on the economic history of France and Germany, C. R. Fay on British economic history and general economics ; H. O. Meredith was brought back to Cambridge, being given the Girdler's Lectureship in succession to Pigou, which he retained until he became professor at the Queen's University, Belfast, in 1911 ; Alston was then lecturing for those who took economics in the ordinary B.A. degree. A strong team, but a small one ! To these were now added Walter Layton and Keynes. Layton lectured

on the structure and problems of industry and on labour problems. His lectures were long remembered for their admirable grasp of actualities. In the Lent and Summer Terms of 1909 Keynes lectured on Money, Credit and Prices, three times a week. He at once made a great impression. He was evidently a theorist; he expounded Marshallian monetary doctrine, which still had not much publicity outside the Cambridge classrooms. He was evidently also a realist. He abounded in the jargon of the marketplace — arbitrage, backwardation, etc., but his explanations were in every case impeccably lucid. Theory was reinforced with massive illustrations. The question of gold production seemed then to be of the first importance, and most recalcitrant information was brought forward on this topic. Even in his lectures on Principles, which he gave somewhat later, there was more factual illustration than is usual in such courses. He anticipated Schultz, although no doubt without his laborious research, by providing his class with the actual elasticity of the demand for sugar; he illustrated the theory of profit by detailed statistics from the cotton industry; copious figures were given on the export of capital. The lectures were animated and intriguing in their mode of delivery. He succeeded in conveying to his hearers that the theories he expounded really did apply to what was happening in the country. He seemed to be in close touch — although his contacts at this date were still slender — with business affairs. The outside world was brought vividly before the minds of the Cambridge class — and yet he was not merely a practical man; he was essentially a theorist manipulating Marshall's formulæ on the blackboard.

All this was very exciting. Pigou, Layton, Keynes, supported on the peripheral subjects by the other distinguished men I have mentioned, certainly did succeed with their widely different styles of lecturing, in producing from this small class a notable group of economists who have become illustrious. The First Class lists in the Triposes in these years before 1914 included the names of D. H. Robertson, H. D. Henderson, G. Shove, F. Lavington, C. W. Guillebaud, P. Sargant-Florence, and — outside the ranks of professional economists — P. Noel Baker.¹ Among those appearing in the first division of the Second Class was Hugh Dalton.

¹ Professor of International Relations in the University of London from 1924 to 1929, Labour M.P. from 1929, Parliamentary Secretary to the Ministry of War Transport, 1942-5, and Cabinet Minister, 1945-50.

Keynes was a very busy lecturer throughout this period. During the last three years before 1914 he gave a course in every term twice a week on Principles. Pigou may have wished to give his young colleague a chance in this subject, or himself have become weary of repeating the same course year after year. We may give as an example of Keynes' activity his schedules in the two years 1911 to 1912 and 1913 to 1914; these were the busiest years, but the others little less so. In the Michaelmas Term he lectured twice a week on Principles; in the Lent Term he lectured twice a week on Principles, twice a week on the Theory of Money and once a week on Company Finance and the Stock Exchange; in the Easter (Summer) Term, he lectured twice a week on Principles, twice a week on Currency and Banking and once a week on the Money Market and the Foreign Exchanges. Earlier in 1911 he gave a course once a week on the currency and finance of India.

In this pre-war period he certainly went through the mill of hard university teaching.

2

By the end of November 1908 he had settled into his rooms in King's. He spent the first three weeks of December writing a paper on "Recent Economic Events in India" for the *Economic Journal*.¹ This was a short time for the preparation of his first important appearance in print, but he was no doubt fortified by knowledge acquired at the India Office. The paper deals with the disturbances of 1907-8 and their relation to the management of the rupee. The reasoning was solid and the statistics used with caution. I do not think that there is anything in the paper of which he would have been ashamed thirty years later, although the technique of analysis is naturally different. Emphasis is placed on the inflationary effect of the inflow of foreign capital into India acting through the mechanism of the rupee issue. He regarded the currency system not as something that should be as automatic as possible, but as capable of being deliberately managed to obtain a desired result. "The Indian Government have not yet hit on an ideal system, and they should not rest content with the knowledge that many of their newspapers critics are wide of the mark." In the spring of 1909 he had a series of letters in the *Economist* of a statistical character, arguing that estimates of

¹ March 1909.

British investments in India were exaggerated, and that they were nearer £350 million than the £500 million alleged¹. He also had a letter in the *Economist* urging that even moderate tariff reform would involve a great loss to Britain in receipts from invisible exports².

The social life of Cambridge proceeded

J M Keynes to Duncan Grant, 19th January 1909

I delivered my lecture [his first lecture] this morning before an enormous and cosmopolitan audience — there must have been at least fifteen, I think, but a good many of them really had no business there, I am afraid, and I shall have to tell them that the lectures are not suitable to their needs.

On Sunday at breakfast, Sheppard delivered an indictment on poor Rupert³ for admiring Mr Wells and thinking truth beauty, beauty truth. Norton and Lytton took up the attack and even James and Gerald (who was there) stabbed him in the back. Finally Lytton, enraged at Rupert's defences, thoroughly lost his temper and delivered a violent personal attack.

J M Keynes to Duncan Grant, 2nd February 1909

What do you think. I have received to-day the offer of an appointment — to be representative of H.M. Government on the Permanent International Commission for Agriculture at Rome. Salary £500 increasing, duties practically nil. Shall I accept? Will you come with me if I do? Would you like the post? Nothing has happened to-day as I have been teaching the elements of economics since it began.

On Sunday Sheppard's salon continued until after 2 A.M. with himself, Gerald, Rupert, Master Birell and me. An attack on Gerald, led by Rupert for calling himself a Christian when he isn't one. Master B had never seen a real set-to before and loved it, screaming with excitement.

J M Keynes to Duncan Grant, 10th February 1909

. The excitement of this place when combined with a good deal of work is enough to unhinge anyone and I really do not know how any of us last through the eight weeks of it.

¹ The *Economist* newspaper 27th February 20th March and 8th May 1909

² *Ibid* 2nd February 1909

³ Rupert Brooke

Last night MacCarthy appeared, bringing Hilaire Belloc with him, and Rupert gave a supper party from half-past ten to half-past one. The usual collection of people, Gerald, Master B., James, Daddy and me. Belloc is an astounding theatrical figure, and maintained a monologue for the whole three hours. . . .

In the Easter Vacation he took fresh air with his family at Whitchurch, near Tavistock in Devon, playing golf with his father, and then had a fortnight at Versailles with Duncan Grant. In the course of this vacation he wrote an essay on Index Numbers, which won him the Adam Smith Prize. He may have felt that it was desirable to have some academic recognition of his skill as an economist, since he had not taken the Tripos. His work on Probability no doubt aided him in the Index Number problem.

J. M. Keynes to Duncan Grant, 10th May 1909

Oh, they've announced to-day that I have got the Adam Smith Prize, £60 down, so Versailles more than paid its way. . . .

To-night, instead of preparing a lecture I have been reading the examiners' criticisms on my essay. One of them, the Professor at Oxford,¹ and supposed to be the leading authority on the subject of the essay, seems to me *hopeless*. I feel *convinced* that I'm right on almost every point he attacks and that where my argument is novel he simply has not attended to it. His criticisms show a *closed* mind and I feel I could never convince him since he wouldn't ever properly attend to what I was saying. . . .

J. M. Keynes to Duncan Grant, 14th May 1909

Geoffrey [his brother] is an extraordinary fellow. The other day he wrote a very affectionate letter to Mr. Henry James who's a total stranger to him, asking him to come and stay. Mr. Henry James has accepted; in an enormous letter even more complicated than a novel beginning "Dear Geoffrey Keynes". So he is coming from a Friday to Tuesday at the end of the term.

My rooms are completely furnished now. The carpet is of a delicious substance, but too pale perhaps every mark is shown. . . .

J. M. Keynes to Duncan Grant, 24th May 1909

Mr. Henry James has accepted my invitation to breakfast on June 13th — he will be "enchanted" to come. . . .

¹ Professor F. Y. Edgeworth.

Memories of that breakfast are rather painful. Noiton, James Strachey, Duncan Grant and Gerald Shove came and talked volubly in their own idiom about their own subjects. Henry James is said to have looked thoroughly flummoxed.¹ When, after breakfast, Mr. Desmond MacCarthy appeared at the door his face lighted up with pleasure. Here at last was someone who would have some contact with something that he understood. He was anxious to know if Rupert Brooke, the brilliant undergraduate, was a good poet and consulted MacCarthy. The answer must have been rather disparaging, for James is remembered to have said "Thank goodness, if he looked like that and was a good poet too, I do not know what I should do".

In July Keynes was with his family again in the Pyrenees climbing. Then he took a house at Burford (Oxon), in order to work peacefully on *Probability*. Friends came to stay in relays. Swinbank, James Strachey, Sheppard, Cecil Taylor,² Humphrey Paul, Duncan Grant, his mother, and his sister Margaret. He had this house again in the summer of 1910.

J. M. Keynes to Duncan Grant, 15th October 1909

I seem to have spent most of my time seeing pupils. I have already got eighteen of these, which will be rather hard work, but ought to bring in nearly £60.

J. M. Keynes to Duncan Grant, 20th October 1909

The work of the don is the hardest work in the world.

J. M. Keynes to Duncan Grant, 24th October 1909

The day before yesterday I founded a Political Economy Club for the undergraduates and am to give an opening presidential address on Wednesday week. My private pupils have now risen to 24 in number. So work lies heavy on me.

¹ An alternative version supplied by Mr. MacCarthy from Henry James's own account is that he, James, had to do all the talking, while the young men showed no powers of response. "It was like the Meet of a Hunt, at which one had to provide the fox, the hounds and the huntsman oneself." By either account the breakfast was not a success!

² Subsequently a great schoolmaster, pillar of Clifton until 1948.

On 7th November 1909 he was able to tell his father that he was now drawing an income of £700 a year, including the £100 that his father gave him. In view of the small size of his basic salaries, and of the fees per pupil, he must have had to work extremely hard for this.

J. M. Keynes to Duncan Grant, 7th November 1909

. . . I shall probably examine the Mercers' Grammar School in Holborn in December. . . . It will take the whole of my time for five days, but will bring in £15. . . .

In 1910 he was made Director of Studies for undergraduates reading economics in Trinity, and thereby became Mr. D. H. Robertson's director.

In 1911 he was still grateful for small increments.

J. M. Keynes to Dr. J. N. Keynes, 6th June 1911.

I heard from Macaulay yesterday that the Council had appointed me to an annual lectureship in Economics with a stipend of £50. For this I am to lecture to members of the college free of charge and do any supervision if it is required. I think the terms are very generous.

The Political Economy Club referred to in the letter of October 24th developed into his Monday Evenings which became famous. They were already established in Robertson's undergraduate days and continued regularly every term, with an interruption for the First World War, until 1937. By the advice of the directors of studies in economics in the various colleges, he selected from his own college and elsewhere a dozen or more undergraduates who were supposed to be the most promising. Other dons were also invited, but on a given evening there would not usually be more than one. A paper was read by one of the undergraduates. Lots were drawn and every member had to speak before the fireplace in the order determined by the drawing. Keynes himself summed up at the end. The use of lots appears to have had a vogue in Cambridge at this time. It was used at "the Society" (which may have set the example), at Dickinson's Discussion Society, and at Keynes' Club. The practice is, I

believe, unknown at Oxford. Does this indicate a greater cock-sureness on the part of a typical Oxford undergraduate, always ready to get upon his legs? Or does it indicate a greater suavity of Oxford manners, a kind consideration for the shy man, who is allowed to remain shy until after a term or two he finds his feet without compulsion? ¹ The following is Professor E. A. G. Robinson's account of the Club - in the period after the First World War.

During those early post-war years it was through the Club that Keynes' influence was widest and most powerful. It was essentially an undergraduate club. Dons, both economist and others, who, like Richard Braithwaite or Frank Ramsey, were interested in kindred problems, might come. If Keynes had a visitor, more particularly a visitor from abroad, he would bring him. But the papers in nine cases out of ten would be read by undergraduates or young research workers. In those days researchers in economics were few, their distinction from undergraduates unimportant, and the Ph.D. unknown. To the undergraduate of the early twenties, I can say from experience, Keynes' club was fascinating but alarming. Fascinating because here one heard Keynes, a large part of the Faculty, and all the best of one's rivals discussing in realistic detail all the real and most urgent problems of the world. Alarming because if one read a paper one was likely to find one's undergraduate efforts (I speak from painful memory) being dissected by a visiting Mr. Hawtrey, destroyed by the full power of Frank Ramsey's dialectical analysis, and when one had maintained one's position to the best of one's ability, Keynes would sum up in friendly but utterly devastating fashion. I learned a certain sympathy with the prisoner waiting for the judge's black cap. Alarming also because if it was not one's turn to read the paper, one must draw a number from the hand of the Secretary, and take one's turn on the hearthrug to discuss a paper on a subject about which one might well feel an embarrassing ignorance in the presence of some of the most critical minds of Europe. But a wonderful training, because in Keynes' presence there were certain forms of nonsense that one did not enjoy perpetrating once, and remembered for life not to perpetrate a second time.

¹ This process of lot was even extended to a dining-club known as The Granum which met once a month between the two wars and consisted of 'Bloomsbury' (see below) and thereby mainly Cambridge men. Keynes was a member during the latter part of its existence. Lots were used to determine who should sit next to one another at dinner. I am informed, however, that it is no longer a common practice in Cambridge.

² *Economic Journal*, March 1947

Through his Club, Keynes knew intimately right down to his illness in 1937 all the best of each generation of Cambridge economists, and exercised a more personal influence upon them than anyone else. The very great influence of Professor Pigou on the whole technique of Cambridge economic thought in our generation was of a rather different character -- exercised less personally and more through his writings and lectures. And through the Club we insensibly acquired certain elements in Keynes' own approach to the problems of economics. In the early years his interests were almost wholly in the practical problems of economic policy. I can remember very few papers on purely theoretical issues, though we covered a very wide range of questions. The choice was mainly our own, made in consultation with the undergraduate Secretary, but our tastes were in some measure the consequence of his.

I will only add to this account two impressions of my own.¹ One must imagine Keynes very cosily arranged in the corner of the sofa beside the fireplace, his legs outstretched, his hands tucked into his cuffs, on his face an expression of kindly interest. One might know that ruthless criticism would come in due course; but for the time being one had the impression that he was eager to hear what one had concocted, and that he was essentially one's friend, covering one with his support and protection. Then in the summing up, it was not only the criticism -- which might not always be fierce -- that was "devastating"; it was also the extraordinary range and variety of knowledge that he invariably displayed in relation to the subject of the paper. Here one had worked away for two or three weeks, studying the special literature, and then Keynes, without preparation and out of his own stock, seemed to know so very much more, whatever the subject might be. That set a standard, too high indeed for most of us.

In addition to these heavy teaching duties, he already had in this early period some administrative work. In 1910 he was elected to the "Special Board for Economics and Politics", and in the autumn of that year he was made Secretary of the Board, which he remained until the end of 1914. Thus with his father in the Chair, the Keyneses might be said to have Cambridge Economics in their pocket!

His examining duties in Holborn in the following December² were the occasion of his making a better arrangement for a permanent footing in London. He took two rooms in 21 Fitzroy Square,

¹ Formed during my visit to Cambridge in 1922, cf. ch. viii, 5.

² Cf. p. 150 above.

which he shared with Duncan Grant, the latter using one room as a studio and Keynes the other for a bedroom when he wished to visit London. Duncan Grant lived with his family at Hampstead. During the examination Keynes had to work hard at the papers, but went one evening to a party.

J. M. Keynes to Mrs. Keynes, 18th December 1909

At midnight yesterday I went with some friends to a fancy dress supper party (clad as a cook) -- when who, to my immense surprise, should enter but Geoffrey! -- clad as an ancient Briton. Then on the top of Max Beerbohm, Will Rothenstein, Wilson Steer, and all the other artists, in came a whole train of them Gwer, and Margaret Darwin,¹ Ka Cox,² Karin Costelloe, Justin,³ Rupert, Jacques,⁴ all in the most ornate garments. I was never more astonished. Had you heard anything about it? At two o'clock in the morning they were gallivanting in the streets of London as dead leaves before the West Wind.

This winter there was a General Election, consequent upon the rejection of Lloyd George's Budget by the House of Lords. Keynes wrote a long letter to the *Cambridge Daily News* on the Liberal side.⁵ In January he went to support his old Eton and Cambridge friend, Edward Hilton Young (Lord Kennet, brother of Geoffrey Young), who was standing as a Liberal for East Worcester. Headquarters were in Birmingham.

J. M. Keynes to Mrs. Keynes, 8th January 1910

It's a good thing that I came yesterday as on my arrival I found a note saying that I must at once make my way to The Shelter, Blackwell, about 12 miles from here and address a meeting. I got on all right, but shall feel more at home tonight, I expect.

J. M. Keynes

Fellow of King's College, Cambridge
is billed to speak somewhere every night.

The rural districts are solid Liberal, but are swamped unfortunately by the outlying parts of Birmingham.

I am going to enjoy myself very much, I think. . . .

¹ Daughters of Sir George Darwin, afterwards Mrs. Raverat and Mrs. Geoffrey Keynes.

² Afterwards Mrs. Will Arnold-Foster.

³ Justin Brooke -- no relation of Rupert, the poet.

⁴ Jacques Raverat.

⁵ 24th December 1909.

J. M. Keynes to G. L. Strachey, 14th January 1910

I've been enjoying myself here enormously, but am leaving tomorrow. Life without a howling audience to address every evening will seem very dull. Have you any picture in your mind of Birmingham and its inhabitants?

The Easter Vacation brought very different scenes, when he visited Greece and Constantinople with Duncan Grant. In the summer, after a visit to Mrs. Berenson at Oxford, with all the comfort and luxury of it, he had some money-making toil at Hammersmith in London:

J. M. Keynes to Duncan Grant, 10th July 1910

There is an unexpected vacancy to do in Hammersmith what I did last December in Holborn, and for the sake of £15, I have agreed to go. As it's the largest centre in England, I shall get no times off and will have to sit there daily from 9.30 till 8. . . .

Then more work on Probability at Burford. Some of last year's visitors reappeared, and also Daniel Macmillan and Frankie Birrell. In the midst of this, to refresh himself, he made a bicycling tour over the Berkshire downs and further westward.

In the later part of this year he became involved in a fierce controversy with Karl Pearson. He published the review of a study made by Miss Elderton, assisted by Karl Pearson, on the influence of parental alcoholism on offspring.¹

The authors had inferred from a sample the absence of malign influence. Keynes questioned the sufficiency of the sample, and held that the logic of the arguments was imperfect. His mind was no doubt already full of the pitfalls of statistical inference. His review ended with the words: "As a contribution to the solution of the general problem the memoir is almost valueless, and, from its failure to direct the reader's attention to essential facts, actually misleading. As a study in statistical method it is a salient example of the application of a needlessly complex mathematical apparatus to the initial data, of which the true character is insufficiently explained, and which are in fact unsuited to the problem in hand." Meanwhile Alfred Marshall broke his "almost absolute rule against controversial correspondence" by writing to *The Times*.² The persuasive power of Marshall's arguments is rather spoilt,

¹ *Journal of the Royal Statistical Society*, July 1910.

² 7th July, 2nd August, and 19th August 1910.

for later readers, by his shocked tone. Pearson was stung, and replied in a pamphlet entitled *The Influence of Parental Alcoholism on the Physique and Ability of the Offspring: A Reply to the Cambridge Economists*. Keynes made a rejoinder in a letter which seemed devastating;¹ but Pearson had some defence,² and Keynes made a final reply,³ more judicial now, in the grand manner, maintaining his original position that Pearson's sample and methods were inadequate.

The controversy meanwhile had become widespread. Dr. Mary Sturge and Sir Victor Horsley produced a pamphlet. Keynes made a clever use of those of their arguments which were good. Pigou joined in the fray with a short article,⁴ restating the main Cambridge position in most carefully worded sentences, as though cautiously picking his steps among burning cinders.

Keynes showed his brilliant powers as a controversialist; his style was delightful; he had rapier thrusts and plenty of jokes and nuances of phrase, making Pearson look very foolish, more foolish than he was. While Keynes had good points, it is not apparent that Pearson was completely in the wrong.⁵

In the issue of the *Journal of the Royal Statistical Society* in which Keynes' last letter appeared, there was also a note by him on "The Principal Averages and the Laws of Error which lead to them".

Keynes was also involved in the second General Election of 1910.

J. M. Keynes to Duncan Grant, 6th December 1910

Nothing has happened here except a General Election. It occupies our tongues appallingly and we go to the Union every night to cheer the results, where it appears that all Tories have bass voices and all Liberals tenor. Last night I spoke at a very enthusiastic meeting for Mon'agu at Histon, where Chivers makes his jams. The audience was entirely male and very much excited in our favour so I found it most exciting to address them. . . .

He had maintained his interest in India. We find him writing a spirited letter in protest against disparaging remarks about the Indian students at Cambridge.⁶

¹ *Journal of the Royal Statistical Society*, December 1910 ² *Ibid* January 1911

³ *Ibid* February 1911

⁴ *Westminster Gazette*, 2nd February 1911

⁵ Keynes made a very brusque attack in the *Treatise on Probability* on some of Pearson's work on Probability.

⁶ *Cambridge Review*, 17th May 1909

J. M. Keynes to Duncan Grant, 24th October 1909

The reason I couldn't come this morning was the appearance of an embassy from the India Office to discuss Indian prices and currency. Professor Marshall and I and the ambassadors have just completed a six hours' discussion of the question. I found it extremely interesting, but it has left me rather exhausted. . . .

In 1910 he was writing to the India Office to point out errors in the statistics of the *Indian Trade Journal*. He maintained a correspondence with Mr. Lionel Abrahams of the India Office with whom he saw eye to eye on many points concerning the rupee. In the spring of 1911, he wrote a paper on the Indian Currency Question, which is the first manifestation of his path-breaking capacity as an economist. It was read to the Royal Economic Society at its *quarterly* meeting — those were arduous days — on the 9th May 1911; it was printed in India for circulation to those in the Government of India who were concerned, but it was not published. It contains the essence of the ideas that were developed in his volume published two years later.

Extract from Paper on the Indian Currency Question

I will endeavour to give reasons for thinking that this existing system to which the name of *Gold Exchange Standard* has been given, is something much more civilised, much more economical and much more satisfactory than a gold currency. I should like to see it openly established in India on a permanent basis and all talk of an eventual gold currency definitely abandoned.

The Government of India has been the first to adopt the Gold Exchange Standard on a large scale. But every year there are fresh converts; nor will it be long before it becomes, in effect, the standard of half the world. And out of it, in my belief, will be evolved the ideal currency of the future. . . .

The following is interesting in view of his subsequent opinions.

Time has dealt satisfactorily with what were originally the two principal grounds of criticism:—First, that the new system was unstable; and second, that a depreciating currency is advantageous to a country's trade.

The reasons for these opinions were marshalled with great clarity and succinctness.

His reputation as an economist was growing. In April 1911

his father, Dr. Keynes, was elected to an Honorary Fellowship of his old college, Pembroke. Alfred Marshall wrote to congratulate him.

Alfred Marshall to Dr. J. N. Keynes, 28th April 1911

Among your many honours, there is perhaps none greater than that of being the father of J. M. Keynes.

In the Easter Vacation he was with Duncan Grant in Tunis and Sicily, and paid a visit to Settignano on his way back. The house at Burford was not resumed that summer. For part of the vacation he was in Cambridge working hard at German treatises on Probability. He also went and spent some time under canvas near Moreton Hampstead in Devon in a camp organised by Justin Brooke, where the Olivier sisters,¹ Virginia Stephen, Rupert Brooke, Maynard's brother Geoffrey, and other congenial spirits were present.

In the second half of September he went on a grand Liberal tour of Ireland, organised by the "Eighty Club" (15th-30th September).

J. M. Keynes to G. L. Strachey, 20th September 1911

This Irish affair is proving extraordinarily interesting -- in Dublin, especially, it was an experience of another life. But they work us to death and my constitution has already completely crumbled. . . .

J. M. Keynes to Duncan Grant, 3rd October 1911

It is now a week since I left the Eighty Club. The affair was very interesting, but a point came when I could support crowd life no longer and when I felt as if I should go mad if I heard another speech. So I left Gerald to whirl on with them and deserted. You have not, I suppose, ever mixed with politicians at close quarters. They are *awful*. I think some of these must have been dregs anyhow, but I have discovered, what previously I didn't believe possible, that politicians behave in private life and say exactly the same things as they do in public. Their stupidity is inhuman. The most decent people were the *Morning Post* reporter . . . and a charming old peer called Lord Saye and Sele. There were one or two others,

¹ Daughters of Sir Sidney (Lord) Olivier.

whose characters were not particularly sympathetic to me, but were really all right. The rest of them had minds and opinions as deplorable as their characters. . . . Oh, I forgot Mrs. Max Muspratt, a middle-aged lady whom I found very sympathetic and who thoroughly agreed with me about the rest of the company. Our progress through Ireland was of the nature of a royal procession. We travelled in a private saloon train and were received everywhere with addresses (we must have received thirty or forty), illuminations, and bands playing "Rule Britannia" and "God save Ireland". I'd a good many very interesting conversations with local notabilities. . . .

Ireland is almost entirely made up of undulating grass lands, hedged and walled into small fields, and of a great deal of water, lakes and rivers. The fields are richly green, the air is soft and the whole thing very charming, especially in the evening light. The trees and the country have a much richer, warmer colour than in England, but there is no arable whatever. Yet I think England is preferable — a great part of Ireland seems to me unexpectedly to lack mystery and not to make up for this by peacefulness. Galway and Aran (and I dare say Connemara where I didn't go) are a great exception to this. Galway town is very romantic and the Aran Islands, though I didn't stay there long enough to get a quite clear impression, obviously wonderful. The coast and the sea reminded me both of Greece and of the Orkneys, and Aran itself is a bare stony upland of the same material as Syracuse. It was very strange and interesting and the people fine and healthy instead of rather mean looking as so many of the children and men of Ireland are. . . . Here [Glengarriff, County Cork] I am in the regular tourist part of the country. Islands, hills, sea, lakes, streams, woods and open country inextricably mixed up together, and I suppose it's beautiful. But this too seems quite lacking in mystery and is exactly what the hotel keeper, having the best taste of his class, would have created. Although the country is wild and almost uninhabited, I feel as if Queen Victoria and the Prince Consort must some time about 1850 have unveiled it and declared it open. . . .

3

Probability was nearing completion and events were drawing him inexorably away from logic to economics. In the autumn of this year he was offered, and accepted, the editorship of the *Economic Journal*, which his father had refused twenty-one years before. It was a great honour for one so young, who had published little. Marshall's strong support was no doubt crucial. An editorial committee was appointed, but it is not supposed that it

had much occasion to interfere. He retained the editorship for thirty-three years, when he was succeeded by the author of this volume. But from 1919 onwards he had a joint editor.¹ In 1913 Keynes also became Secretary to the Royal Economic Society. And for a large part of thirty-three years he successfully managed its finances, with the goodwill of Mr. Alfred Hoare, who was officially the Honorary Treasurer until 1937. The affairs of the Society prospered exceedingly.

On taking over, he discovered heavy arrears. Edgeworth often found it difficult to make up his mind. Among articles which had long been waiting for a verdict was one by the famous and formidable Archdeacon Cunningham. It was embarrassing for a young man to reject work by one so eminent, but he grasped the nettle firmly. Thereafter he would not allow any accumulation; if there was no more room in the next issue, he refused. He maintained the tradition of having some contributions from persons outside the academic field and of combining realistic with more*theoretical studies. Indeed, Edgeworth, oddly enough, had been very inhospitable to purely theoretical work from any pen other than his own, and Keynes, with so many more contacts outside the academic world than Edgeworth ever had, judged it necessary to redress the balance in favour of academic theorists.

Keynes performed his duties with the minimum of fuss. On retiring he explained that his only apparatus was one drawer in his desk for his papers and some porcupine clips to hold them in bundles. Through this economy in overheads, the Society had flourished. But if he was economical in expenditure, he was lavish in the time that he devoted to contributors. He often sent comments of many pages on articles submitted, both when he accepted and when he rejected. In the latter case, especially with younger writers, he explained his objections at great length. In the former case he suggested improvements, and many articles were re-submitted several times before their final appearance. Authors were usually grateful in the end for this editorial insistence on their perfecting their work.² Great as the pressure of his other business

¹ Edgeworth, who had been editor from 1890 to 1911, was brought back to a joint-editorship in 1919, when Keynes was busy peace-making. Edgeworth was succeeded as joint editor by Professor D. H. MacGregor in 1926 and he by Professor L. A. G. Robinson in 1934.

² An egoistic footnote may perhaps be allowed to the author who was on one occasion injured by Keynes' zeal. During 1928 I submitted a short article, setting out what I called the "increment of aggregate demand curve". Keynes showed this to F. P. Ramsey who raised objections. Being in poor health at the time, and heavily

finally became, Keynes maintained this habit. He esteemed his editorship as an occupation having the highest claim.

The Easter Vacation found him at Beaulieu, on the Riviera, with Gerald Shove. He also went on a riding expedition with Mr. Archibald Rose, setting out from Salisbury. Mr. Rose recalls how they arrived one Sunday morning at Wells, not too late for church. They entered the cathedral shyly, as they were much bespattered with mud, and, to their consternation, the verger showed them to a front pew. The preacher was Dr. Hensley Henson.¹ The main theme of his discourse was that the resurrection of Jesus Christ was not a physical fact. There was much murmuring among the good ladies of Wells on the Green, and Rose himself was a little upset. He recalls how Keynes consoled him that evening. Settled in his easy chair, with his gentle smile and comforting expression, as of one who had knowledge of deep mysteries -- "You must not be upset," he said; "this fellow has thought deeply about these matters; he has been reading and studying all the time that you have been on the far frontiers of empire; he knows what he is talking about; you can trust him; it is quite all right."

In the course of their riding they put in at the Crown Hotel, Everleigh, a delightful village in the midst of Salisbury Plain. Keynes was so pleased with it that he formed the plan of taking over the whole place for himself and his friends in the summer holidays. This was not possible in August, but he had the whole house for July and a number of rooms reserved for August. Thither many of his friends came -- Duncan Grant, Sheppard, Gerald Shove, Frankie Birrell, Dilly Knox, Rupert Brooke, the Olivier sisters, Katherine Cox, Archibald Rose, Chester Purves, Justin Brooke, Ferenc Békássy, G. H. Luce, and Maynard's brother Geoffrey. Many looked back to this as a delightful holiday, a high

burdened with college duties, I was discouraged and put the article away in a drawer for eighteen months. I then took the matter up with Ramsey, who was an old friend, and he recanted. The article was re-submitted and appeared in June 1930. Mathematical demonstration was supplied in December 1931. Mrs. Robinson, at the suggestion of Professor E. A. G. Robinson, rechristened the "increment of aggregate demand curve" "the marginal revenue curve". This now appears in most text-books of economics. Mrs. Robinson gave recognition to my publication in the preface to her *Economics of Imperfect Competition*, and referred there to other economists who independently had the same idea. Study of her preface indicates that if Keynes had not listened so readily to Ramsey's criticisms and the article had appeared in 1928, my claim to have "invented" this well-known tool of economics would be without challenge.

¹ Afterwards the Bishop of Hereford, 1918-20, and Bishop of Durham, 1920-39.

spot in the days before 1914. Keynes preserved the collective poems and collective drawings composed during the evenings. Luce was a poet and a great friend during these years. Keynes afterwards financed the publication of his poems through Macmillan's. But Luce eventually followed Swithinbank eastwards and taught English at the University of Rangoon.

Békássy was an undergraduate of King's who made a mark in Cambridge. After Everleigh, Keynes paid a visit to his parents, who lived in feudal splendour near Budapest. On the way home he made a stay in Vienna, which was entirely to his taste.

In the autumn of this year we first hear of a figure, Keynes' interest in whom had far-reaching effects — Ludwig Wittgenstein, an Austrian philosopher of great genius. Having studied engineering for a period at Manchester, he came to Cambridge, where he was attracted to Bertrand Russell's lectures on Mathematical Logic. A great friendship eventually sprang up with Russell, but the friendship with Keynes was in some ways more important. Wittgenstein had something of the waywardness of genius, and was not naturally inclined to follow the conventional path of an academic career. Keynes was fascinated. His love of the unusual and the exciting, his sympathetic understanding and his capacity for friendship came into play. There was Keynes the thinker, the writer, the man of business, Keynes the omni-competent; but there was also Keynes who was the student of character in all its forms, the undergraduate friend of Strachey and his friends, with his uncanny insight and sage sympathy. He was thus able to have some influence on Wittgenstein in his practical life, and he was always his advocate. He played some part in securing Wittgenstein's return to Cambridge after the First World War, during which he had done duty in Austria as a soldier and a school-teacher. At Cambridge he became a Fellow of Trinity and eventually Professor of Philosophy. He exerted a dominating influence over the younger generation of philosophers, and his influence even extended to Oxford, breaking down, from a distance, the entrenchments of the older schools of thought there.

J. M. Keynes to Duncan Grant, 12th November 1912

Wittgenstein is a most wonderful character — what I said about him when I saw you last is quite untrue — and extraordinarily nice. I like enormously to be with him.

It was a satisfaction to Keynes to be able to settle the details of an allowance of £200 a year given anonymously by this new friend, Wittgenstein, to his old friend and philosophical mentor, W. E. Johnson, in order to enable the latter to cut down his teaching commitments and have more time for research.

It is normal for young fellows of colleges, after finding their feet, to feel growing discontent with the way in which their seniors manage affairs. And so it was at King's. A number of those, who had been elected recently, began to form a group in order to promote change. The principal members were F. E. Adcock, Charles Webster, Dillwyn Knox and A. E. Dobbs. They styled themselves the Young Turks, and it is even recalled that at a council of war held before a College meeting, one of them arrived masked, to underline the conspiratorial nature of the occasion. Keynes, who had begun to form his own opinions about the College finances, was glad to have the support of a semi-organised bloc of votes, while the group on its side welcomed the leadership of such an admirable spokesman. He felt that the College was not making the best use of its resources and that developments were held up through excessive conservatism. College bursars are apt to tuck away surpluses in order to obviate extravagant expenditure.

Although the revolt seemed to be running on normal lines, it was pregnant with great things; for Keynes was eventually to revolutionise the finances of the College. In 1911 he was made a member of the Estates Committee and an Elector to Fellowships. Matters remained on the boil for some time. The great explosion occurred in the autumn of 1912. Keynes moved three motions. One attacked the maintenance of large cash balances. This, although frowned upon by the authorities, was carried. The next asked for a Committee to consider the integration of the Kitchen, Buttery, and Combination Room departments in the matter of contracts and prices, and to enquire into the conditions of the employment of staff.¹ This too was carried and Keynes was appointed to the Committee. But it was the third motion which really shook the College. Keynes proposed an increase in Fellowship dividends from £120 to £130 a year. This was revolutionary indeed. It implied lack of confidence in the Bursar who advised the College as to the amount of Fellowship "dividend" that could be paid. The motion was decisively

¹ Cf. his concern for the staff at the Union seven years earlier.

beaten, but many were left wondering what might be in store. The older members were not completely obdurate! At the same meeting Keynes was elected to "the Council" which in effect governed the College. And in the following year he was made a member of the committee to consider a letter of resignation from the Bursar. It was no doubt in consequence of the agitation that an assistant bursar was appointed in the following year.

Some time during the course of 1912 he began work on *Indian Currency and Finance*, which was completed early in 1913. This is, by common agreement, a work of first-rate quality. Those who were unconvinced by his later writings, all of which were controversial, like to acclaim it as his best book. The second chapter (on the Gold Exchange Standard) is of general interest, quite apart from the rupee problem, and has become a classic. The book well manifests Keynes' characteristic powers and tendencies. It is the work of a theorist, giving practical application to those esoteric monetary principles which Marshall had expounded and Keynes was explaining in the Cambridge classrooms, and at the same time it showed an outstanding gift for penetrating the secrets of how institutions actually work. His India Office experience and the contacts, which he had maintained, no doubt helped him; but these would have been of no value without his peculiar power of insight. It also displayed his thoroughness in amassing all available information.

Its main thesis was to develop the ideas in the paragraphs from his Royal Economic Society paper which I have cited. In this book, as in all his works, whether on domestic unemployment or international monetary institutions, Keynes appears as a man of expedients, full of plans for modifying arrangements in this way or that, in order to produce a better result; but, unlike most men of expedients, he always related his projects closely to the fundamental theory of the subject. It was not in vain that he had imbibed in his early youth the late Victorian respect for first principles.

In the past those who were keenly aware of the complexities of the economic system as a whole had tended to shun particular expedients and to incline towards *laissez-faire*. Keynes had the courage to go ahead, believing that despite the interlocked nature of the system and the ramifying effects of particular interferences, it was possible to make improvements. He was a currency expert, believing in the importance of the currency question.

One feels in these pages his sense that currency reform could contribute much towards making India a happier country. And at the same time he had his eye upon wider questions. Might not Indian currency reform be an example for adoption elsewhere? Although a close adherent of traditional economic theory, he clearly thought that its proponents took too facile a view about how long-run beneficent forces operate through particular institutions. Having stated certain general monetary principles they would then cite the detailed working of the British Money Market and Foreign Exchange Market, to show how these forces worked in practice. But Keynes — and this kind of point reappears in other writings — argued that the British Gold Standard worked as smoothly as it did, not because of the very nature of a gold standard, but because of the unique position of the London Money Market in the world. This has now become a commonplace, but it was a novelty, anyhow among monetary theorists, at the time.

He was mainly concerned with advocating a gold exchange standard for India and similar countries. He opposed those who wished for a gold currency, the reactionaries, and brought to bear his powers of incisive argument and satire. In one passage (page 101) he hints that the time may not be far distant when we shall be ready to put something better in place of the Gold (including the Gold-Exchange) Standard itself.

He negotiated with Macmillan's for publication, at the same time transferring the *Treatise on Probability* from the Cambridge University Press to them. At this early period he began to work on lines which were afterwards to prove advantageous to him, by persuading Macmillan's to share profit with him in respect of both the volumes, on a fifty-fifty basis. *Indian Currency* continued to sell in good quantity for some ten years; about 4900 copies had been sold by mid-1942, on which he realised £295. Before *Probability* appeared, he had, for reasons which will be described, gone over to a full profit basis; some 3500 copies had been sold by mid-1942, and no less than £952 realised by him.

In the spring of 1913 came the pleasant news that his sister Margaret was engaged to be married to Archibald Vivian Hill, Fellow of Trinity College and physiologist of rising repute. In the Easter Vacation Keynes took an even longer journey than usual and went off to visit his old friend Robin Furness in Egypt.

While there he received a communication of great interest.

A Royal Commission had been appointed to enquire into Indian Finance and Currency and he was invited to be its secretary. His time in the India Office was yielding a dividend! But there was one difficulty. His book had not yet appeared. Would its publication be prejudiced? He telegraphed back to enquire. Lionel Abrahams had a proof and could show it to those concerned.

Telegram from Sir William Holderness to J. M. Keynes, 3rd April 1913

Am instructed to offer you seat on Commission. This is considered in view of book more suitable than secretaryship and will give greater scope. Hope you will accept.

This was a great honour for a young man of twenty-nine. He consented to serve, and wrote to Mr. Austen Chamberlain, who was Chairman, to obtain an official clarification.

Austen Chamberlain to J. M. Keynes, 21st April 1913

. . . The selection of the Commission was entirely a matter for Lord Crewe. He knew before he proposed your name to the King that you were publishing this book and told me that he had seen the proofs and thought that the character of the book and its subject were a qualification and your method of treating the subject no bar to your appointment. In these circumstances, you are at liberty to publish it. . . . It is possible that you might wish to modify a phrase here or there, but of this, you should be the sole judge.

Very civilised!

Indian currency had been a vexed question ever since the world abandoned bimetallism in 1873. India left the Silver Standard in 1893. The Fowler Commission, the second of two within a decade, reported in 1899 that the authorities should take orderly steps directed towards the eventual establishment in India of a gold standard of the British type, with gold currency. Actually, things did not so work out. A somewhat different system was evolved, by *ad hoc* administrative measures adapted to meet particular situations as they arose. The system, thus developed, resembled much more closely a plan put forward to the Fowler Commission by Mr. A. M. Lindsay.

There had been a serious crisis in 1907-8. There were various uncertainties and ambiguities in the situation and, since the Fowler recommendations were clearly obsolete, the time seemed ripe for

a new survey. Public opinion was more interested in the sale of some silver by the Government of India to a well-known firm of bankers, which was said, without foundation, to have been given the business through favouritism, and even through a family connection. This occurred in the autumn of 1912 and was clearly an admirable matter for Press comment and Parliamentary question. It probably precipitated the appointment of a new Commission.

Keynes had a twofold task. In the first place he had to convince the Commission of his view, already expressed in the paper to the Royal Economic Society and his book, that actual developments had been in the right direction and that the system, by now known as the gold exchange standard, was superior to an old-fashioned full gold standard. We do not know if this task was difficult; anyhow, it was successfully achieved. Chamberlain scrupulously refrained from reading Keynes' book, except for the first two chapters of it, since he wished to give an unbiased lead to the deliberations of the Commission. Only when the trend of opinion had become clear did he do so.

Austen Chamberlain to J. M. Keynes, 12th August 1913

I scarcely know whether to congratulate you on it or condole with myself! You will certainly be considered the author of the Commission's report whenever that document sees the light. I am amazed to see how largely the views of the Commission as disclosed by our informal discussions are a mere repetition of the arguments and conclusions to which your study had previously led you. . . .

Although there were difficulties ahead, the progress thus revealed seemed satisfactory.

Keynes' second task was to procure a distinct advance. The possibility of doing so seemed to him to be centred upon the establishment of what was called a State bank. (This must not be taken to be synonymous with a Nationalised bank.) Mr. E. A. Hambro had added a note to the report of the Fowler Commission recommending this. His proposal had been favourably considered, both by the India Office and by the Government of India in the following years, but there were serious obstacles which inhibited action. In his annual speech to the Midland Bank, Sir Edward Holden, its Chairman, had reopened the question (24th January 1913). Later *The Times* had a weighty article on the subject

(14th March 1913). Mr. Lionel Abrahams, Keynes' India Office friend and correspondent, who had been head of the financial department and maintained his interest in its business when he was promoted to be Assistant Under-Secretary, put a memorandum before the Commission in favour of a State bank. The Commission assigned to Sir Ernest Cable and Keynes the holiday task of preparing a draft proposal. Keynes had some consultations with Cable, but it seems that he did the main part of the work himself. He did not succeed in persuading the Commission to incorporate it in its report. Important witnesses had already been examined and it was thus too late to get their views. Some felt that a visit to India would be necessary, if the Commission was to give its authority to such a far-reaching proposal. Although this draft was not incorporated, it was published as an annexe, and received a very good blessing in the report. The Secretary of State and the Government of India were urged to appoint a small, expert committee to enquire into the matter without delay and either reject the proposal or put forward a concrete scheme for the authorities to act upon.

This annexe by Keynes may well be deemed more interesting than the report itself. He had to tackle some very thorny problems. There was the question of the relation of the Government to the Bank. He was eager that the Bank should have a large measure of independence and envisaged its capital as private. But the Government was to have a part to play in making appointments and an eventual share of profits, when these exceeded a certain amount. More difficult was the possibility of jealousy and friction among the three great Presidency banks and the Exchange banks. Tacit was necessary, and Keynes showed his cunning. There would be difficulties if one of the Presidency banks (presumably the Bank of Bengal) was elevated into being the State bank. Keynes hit upon a scheme not unlike the projected Federal Reserve System; there was to be a Central Board and the three Presidency banks were to become the three "head offices" of the new Bank. It does not appear that Keynes looked to America for guidance — it was hardly a place to which one would look for banking wisdom at that time; there are signs that he made a closer study of Continental banking developments, — but there is a footnote pointing out the parallel with American proposals. The annexe was not only concerned with constitutional matters but also gave him scope to elaborate more fully his ideas

of currency management. He argued that in due course it would be desirable to develop in India a more extended money market and bank-rate control.

One certainly has the sense that in this fine essay Keynes was thinking not only in terms of immediate exigencies, but of a system that would slowly grow to maturity. This bank, in its initial form, would merely be a starting-point. By successive stages the Indian economy would surely develop into a more complex and mature organism. What is equally striking is the moderation of the young enthusiast as regards the immediate benefits he claimed for his system. This was no crank advocating a panacea. It was as though he already had the wisdom acquired by long experience of the intractable difficulties in human relations. There was a certain unity about his life's work. Here he was, just reaching thirty years of age, making the draft of a monetary plan that might be the beginning of a great advance in the development of the Indian economy. And there he was, thirty years later, doing similar work for a greater organism at Bretton Woods.

In fact, India only achieved her central bank (Reserve Bank of India) after the interruption of the First World War and after two more Commissions had deliberated.

Alfred Marshall to J. M. Keynes, 3rd March 1914

I dipped in here and there, and then read the conclusions: and finally turned negligently to the Annexe. But that held me. I had had no idea you had written it. Much of it, as of the Report itself, deals with matters beyond my knowledge and judgment. But there is quite enough of it within my understanding for me to have been entranced by it as a prodigy of constructive work. Verily, we old men will have to hang ourselves, if young people can cut their way so straight and with such apparent ease through such great difficulties. . . .

Meanwhile, after the summer there was still heavy work to be done. On the day after the last evidence was given Keynes had dinner with the Chamberlains.

J. M. Keynes to Mrs. Keynes, 20th December 1913

The Commission is very nearly finished now, and most of the Report is in its final form. The last three days have been about the most exacting to character and intellect that I have ever been through and I feel rather a wreck, — wishing very much that I was

off to the South of France for an immediate holiday. We sat for seven hours a day, and one had to be drafting amendments at top speed and perpetually deciding within thirty seconds whether other people's amendments were verbal and innocent or substantial and to be rejected. I must say that Austen came out of the ordeal very well, and I believe he may yet be Prime Minister - - I don't suppose on the purely intellectual score that he is any stupider than Campbell-Bannerman. . . .

Before Christmas the Commission decided that only two more days would be needed, and 12th and 13th January were fixed. Keynes went off after Christmas with Duncan Grant to stay at Roquebrune on the Riviera.

J. M. Keynes to Mrs. Keynes, 3rd January 1914

Just as I was to start yesterday for home I was smitten down by a somewhat bad attack of tonsillitis - temperature 103° and so forth. I am being very kindly nursed by Mrs. Rendel, Madame Bussy's sister. To-day I had a French doctor from Mentone who describes it as a bad "quinsy" but certainly nothing worse and thinks I may be able to travel in five days. . . . I feel very miserable but the disease is going its normal course. It is particularly annoying because I am missing the final sittings of my Commission.

But it was something worse. It was diphtheria. He was sorely ill, the more so no doubt for the wrong diagnosis at the outset. The truth was in due course discovered, he was given the anti-toxin and removed to a nursing-home at Mentone. His mother went out to him. It was a critical moment.

On the Agenda for 12th/13th January were certain amendments over the names of R. W. Gillan and Keynes for making the note-issue more elastic. They hoped, even without a central bank, to introduce a little management in place of the pure automatisms of the existing system. The proposals, as stated by Gillan, seemed to the Commission to be somewhat obscure, and too complicated. It would not accept them.

Various members wrote to Keynes expressing sympathy and regret that he was not at these last meetings. His guidance had been much missed. It was unfortunate that his proposals had not been accepted, but they seemed too complicated. Even Gillan seemed doubtful in the face of the arguments of the other side. There evidently was a feeling that Keynes would be distressed. He wrote to enquire if there could not be another meeting. But

this was deemed to be altogether out of the question. The members were dispersed. It would not be possible to get more than two or three together. Austen Chamberlain wrote to him to express the hope that he would not feel obliged to add a minute of dissent. After all, the report so largely embodied his views; he had had great success; it would be a pity to spoil the unanimity (save for H. Begbie, who wrote a note in favour of a gold currency), on a comparatively minor point. It was taken for granted that Keynes would either add a note of dissent or acquiesce.

But that was not his way. Gathering together what remained of his strength after his severe illness, he penned a note of such consummate cogency that, despite the lack of another meeting, Chamberlain felt it necessary to authorise various changes.

The currency reserve requirements were exceedingly complicated, relating as they did to more than one reserve fund, and it would be needless to ask the reader to re-enter the old ground of debate. None the less, Keynes' note is such a good early example of his polemic style that it may be appropriate to quote an extract from it.

The Commission have retained without alteration a preamble (enlarging on the benefits and the need of elasticity) and a summary of advantages to be obtained from their proposals (paragraph 114), which were written for quite a different scheme. With reference to this previous scheme these passages were relevant and truthful; but with reference to the new scheme they are, in my opinion, neither the one nor the other. If the Commission believe that the disadvantages referred to in paragraph 105 can be cured, or the benefits (2) and (3) of paragraph 114 can be obtained, at any rate for some years to come, from the scheme they are now recommending, they are unquestionably deceived. If, as I presume, they only acquiesced in this scheme in the belief that advantages (2) and (3) would really accrue from it, they ought to reconsider the matter. The recommendations as they now stand are of a spurious character. They toy with the idea of temporary loan; even suggest to the ordinary reader that they encourage them, and do this only to deceive. This make-believe element in them is open, I think, to criticism of an exceedingly damaging kind.

He proceeded to substantiate his case. Chamberlain could not hold out against this sort of thing! And so changes were made and the story ended happily.

The early months of 1914 were now beginning to slip by. Keynes, professing to be well although not fully recovered, was

back at his heavy duties in Cambridge (which he had had to sustain during the sittings of the Commission also). What was to be the next call upon his powers?

His contacts with his old friends had been maintained. Note must be taken of a more recent friend, Lady Ottoline Morrell, niece of the Duke of Portland. She had a lovely house, Garsington Manor, near Oxford, an early Tudor stone frontage stood at the end of banks of clipped view, which overtopped the house,¹ beyond were descending terraces, a rectangular stone pond with baroque sculptures and a wide view of southern Oxfordshire. It was a small house, furnished by Lady Ottoline with exquisite taste, and adorned with John drawings and other choice works. It was a favourite haunt of the talented youth of Oxford — poets and others interested in all things artistic. She was herself a lady of great presence, tall, with a certain aquiline beauty, her face heavily made up, not always skilfully, her clothes striking, not of the period — sometimes a crinoline and a huge straw hat with ribbons. She was seen — in the days when motors had entirely displaced horse-drawn carriages — driving about Oxford next her husband, perched high on a gig. She spoke with a protracted drawl, which seemed to emerge from a far remote recess of nose or throat. Behind these eccentricities she had a certain flair for detecting and encouraging early genius and a quality of mind which made intelligent men of various types enjoy conversation with her. It was not only the clever undergraduates who went to Garsington. Famous poets and other distinguished men were constantly in the house. They felt happy there. She had some of the attributes of those great French ladies who conducted a salon. Bertrand Russell was a close friend. It is even hinted that Lytton Strachey may have had some romantic feeling for her. She also had at this time a house in Bedford Square, which afterwards became the London residence of the Asquiths.

J. M. Keynes to Mrs. Keynes, 2nd July 1914

To-night I am to go to a small dinner party at Lady Ottoline Morrell's to meet the Prime Minister.² She thinks it is time he broke out in a new direction and is asking no one but a few of my so-called 'Bloomshury set'.³ Duncan was at a party at Downing Street last night.¹ But I am afraid he won't like us much.

¹ These have since been cut down to a lower level.
Mr. H. H. Asquith (afterwards Lord Oxford and Asquith)

CHAPTER V

BLOOMSBURY

1

ON the 22nd of February 1904 Leslie Stephen, illustrious Victorian man of letters, died, leaving four children by his second wife, Thoby, Adrian, Vanessa and Virginia. Stephen's contributions to thought and literary criticism are adequately recorded in history and lie outside our purview. We may notice, however, that early in life he had, like Sidgwick, resigned his tutorship at Trinity Hall, Cambridge, on grounds of religious disbelief; and he was much engaged during his career in championing the cause of agnosticism. Although there were many eminent agnostics at that epoch, none the less the maintenance of one's position as such appears to have imposed a certain strain. We have seen Maynard's impatience with Sidgwick's lifelong anxieties. The easy eighteenth-century scepticism of Hume and Gibbon seemed no longer possible, owing, perhaps, to the waves of religious revival that had swept over England from Wesley onwards. As a counterweight to their unorthodoxy, the free-thinkers seemed to need to build up defences; if one was an agnostic, it was difficult to be just an ordinary simple person; one had to be especially high-minded and moral.

Stephen had known many of the great thinkers of the Victorian age; there had been an element of intellectual excitement and ferment. Inevitably, as he grew older, the ferment died away, while he retained his position as an eminent, respected and important *philosophe*. Living must proceed; the movements of a Victorian household were somewhat starched; the thrill of old battles no doubt remained in Stephen's memories, but there was not much in what still went on in his house to provide intellectual excitement for the young people. The great men were dead, settled in the country, or themselves becoming a little starched.

The Stephen boys had their own careers and friends, but what of the young ladies? No doubt they "came out" and had parties

and balls, but these may not have been more interesting than the ordinary round of conventional Victorian society. Something of the atmosphere of this home is represented in Virginia Woolf's novel, *Night and Day*.

Stephen's second wife, mother of the four children, predeceased him by nine years. So there fell to the daughters housekeeping duties, which may have been sufficiently onerous. They were then entering upon their twenties, their minds alert and their imaginations seeking greater scope. Towards the end Stephen became very deaf, and in his last two years was ill with cancer.

When he died, the old house, 22 Hyde Park Gate, at the end of a cul-de-sac leading from Kensington Gore, was given up, and the four young people set up house at 46 Gordon Square (in which I am now writing these pages). Freedom had been found. At first the pattern of life may not have changed very much. Stephen's old friends found their way to the new establishment in Bloomsbury. Thoby had already been bringing his college friends to Hyde Park Gate, and their visits continued. Gradually the scene began to change, but there were interruptions. In 1905 Virginia had one of those periods of mental sickness, whose later renewal the selfless vigilance of her husband did so much to avert or mitigate. The trouble passed away, and the whole family decided in 1906 to take a holiday in Greece, for recovery and enjoyment. Life revived under the influence of the sun, the beauties of Greece, and their adventures.

But, alas, the shadow fell again. Thoby caught typhoid fever, from which he did not recover. Thoby! Handsome, gifted, winning, idolised by a group of the most brilliant youth of Cambridge, entirely unspoilt, taking all admiration with unselfconscious gracefulness, a man of affairs, one who might make a great mark in the world. He would have been in touch with the ideas of his clever friends, and his common sense and balance might have carried them forward into the world of high politics. His name deserves to be remembered, along with those others which appeared on a lengthening list eight years later, as one who might have contributed to the better guidance of Britain's affairs. Weep no more, ye woeful shepherds.

Early next year a pleasant event occurred, in the marriage of Vanessa to one of Thoby's best friends at Trinity, Mr. Clive Bell. The married couple took over 46 Gordon Square, while Adrian and Virginia moved to 29 Fitzroy Square. And so now there were

two establishments. Would the pulse of life begin to quicken after these times of trouble? Clive and Vanessa made a resolution that they would devote themselves solely to their work, Clive to his writing and Vanessa to her painting. Very soon, however, these two houses became focal points in a grouping of talented people who were to play a significant part in the cultural development of London at this time.

Chelsea is the name of a London postal district. It also has a connotation. Certain famous painters have had their studios there, a multitude of art students have lived there, and been seen in the streets clad unconventionally in a way that struck spectators more forcibly in the early years of the century than it would now. Thus Chelsea means essentially a place of art and of art students. The annual "Chelsea Arts Ball" has nation-wide celebrity.

Bloomsbury also had a connotation, but this was of a different kind. For a number of years, if one used the word "Bloomsbury", otherwise than as a postal address, one referred to a particular group of people. Lexicographers may have their qualms. The question turns on the consequence of the group and on how wide is the currency of the designation used with specific reference to it.

The difference between Chelsea and Bloomsbury was that the former referred to general qualities while the latter referred to particular people and through them to their point of view. One could live in the middle of Bloomsbury and yet say that one was very anti-Bloomsbury.¹

Who were these people? In this matter of definition an element of snobbery may enter in. Some purists who refined and refined — "X was not quite Bloomsbury because he lacked one quality, nor Y because he lacked another" — and who excluded

¹ This matter is of some importance for the future student of Keynes' opinions. Recently the word Bloomsbury has come to be used in a very loose sense, quite unconnected with that defined in the text. For convenience I will call the latter its "original" sense. It has been used for ill-defined groups of young intellectuals. There is danger of confusion, because this secondary use would not have arisen but for the prior existence of the "original" Bloomsbury. Keynes was a member of the "original" Bloomsbury, and is rightly believed to have shared many of its views. But he had no connection with this secondary Bloomsbury, and future students must beware of attributing to him views stated in current literature to be held by it. I may cite as examples a reference on page 28 of Professor Jewkes's notable book, entitled *Ordeal by Planning*, and an interesting leading article in *The Times Literary Supplement* of 17th July 1948. In neither case can I find any connection between the views and characteristics described as belonging to Bloomsbury and those of the "original" Bloomsbury.

brothers, sisters, husbands, wives, might reduce the membership so much that the number could be counted upon the fingers of one hand. Taking a more generous view, taking account of those who were on terms of close intimacy with the leading members of Bloomsbury at some time or other within the period from 1907 to 1930 and who partook of their general way of life, one might reach some such figure as twenty or thirty. One could certainly cast the net wider, and by accepting others who might not have been intimate friends, but who acknowledged the leadership, were in some respects of the same way of thinking, and spoke with a "Bloomsbury voice", one could reach a much larger number. However the argument may go, no one could deny that the Misses Stephen were part of the central core of Bloomsbury. How did it happen that they became such important figures in an intellectual group?

There may have been qualities which came by heredity and upbringing. There was Stephen's free-thinking and there was the distinguished social position which he achieved in the Victorian period. Thus on the one hand there were the germs of rebellion, which might sprout into a new kind of free-thinking and a new kind of intellectual ferment. On the other hand there were the traditions of society, which imply certain amenities that are necessary, if a circle is to be held together in harmony, however unconventional and Bohemian that circle may seek to be.

In their own persons, they were beautiful and clever and had also a sense of fun and liveliness. They were very individual people, with complex characters which it was a pleasure to their clever men friends to unravel. Furthermore they had a particular quality which differentiated them from the majority of their sex and was essential for the purpose in hand—intellectual coolness. (One need not imply that in most women the absence of this trait is a deficiency, this turns on the function they are destined to perform.) With Virginia and Vanessa all the subjects under the sun could be equably discussed, all opinions, however outrageous, quietly assessed. The men who frequented their society knew that they were in no danger of hearing those rising, strident tones of emotion which must destroy good talk. They had no tendency, as an argument took this turn or that, to read into its bearing an affront to their class, their set, their sex, or themselves.

Another great asset was that there were two ladies with these notable attributes, and, already by 1907, there were two centres.

One lady may by her outstanding attainments draw around her a circle of people; that is a *salon*; it is the Hôtel de Rambouillet. But if there are two centres, they may form the nucleus of a social group.

It may be thought that the characteristics enumerated were not enough by themselves. English society contains many clever, level-headed, witty women, who are good talkers and good friends, who have drawn around them a circle for a time, but none the less have not gone so far as to become the centre of an interesting community, have lost their friends with the passage of the years, are known to be interesting and delightful people, but in the long run become more or less isolated figures, seeing their friends occasionally and giving pleasure, but living rather lonely lives. Were the qualities that I have mentioned sufficient ingredients for the creation of a social nucleus?

The fact of the matter is that there was a third leading figure, who lived at home, with no independent establishment in London, one with tremendous resources of inner vitality, with a point of view to assert, with absurd mockery always lurking and awaiting its moment, with a zest for life and friendship, exclusive in the highest degree, cruelly crushing to alien intruders, galvanic, temperamental, dominating, even terrific. This was Lytton Strachey. By a most happy harmony the Misses Stephen and Lytton Strachey, whose families had been on cordial terms and had had common friends among distinguished Victorians,¹ found themselves in great sympathy on many matters of discourse, serious or gay. Between them, these three sufficed to make the coterie.

It was a piece of the greatest good luck for Strachey. We have seen how much "the Society" and his group of Trinity friends meant to him at Cambridge, and how he tended to remain there after his proper period. These friends had lived together, pooling their ideas, impressions and experiences, building up a community of taste and of philosophy, and sharing their private jokes, whose meaning depended on their common experiences. It is very rare for such groups, formed at a University, to hold together. There some young men may seem to themselves to have constructed, out of the views they share on life and on art and out of their

¹ Lady Ritchie, a daughter of Thackeray (Aunt Annie), was Stephen's sister-in-law by his first marriage. She was an intimate friend of Lady Strachey, and James's godmother.

common idioms and interpretations, durable, spiritual habitations, in which they will be able to meet together for the rest of their days. They are but summer-houses, destined to be deserted and to fall into rapid disrepair. The man, when he has to face the battle of life, usually finds that he has to advance alone. He is always tending to fall away from his friends, to be pushed about hither and thither, moving in and out of different circles, in accordance with his shifting interests and fortune. Then, if he marries, it is the wife who builds anew for him, decides what is to be done, who is to be seen and what the pattern of life is to be. He may pay a visit to his old college, he may attend an annual reunion of his friends, reviving the old anecdotes, rehearsing the old jokes, living in the old atmosphere for a pleasant evening; but it is all a mere echo; the next day's work will go forward as usual.

With Lytton it was to be different. In Vanessa and Virginia he found two women who were Apostles to the finger-tips - no less so, for having had no university education. With their aid the old summer-houses could be kept in being, and enlarged into great mansions, into palaces. The old thoughts could continue to flow, the new impressions be shared and the jokes kept green and living.

To these we must add Duncan Grant. He was an important element. It may well be that he was a necessary element, not only on account of those qualities which had made him so much beloved, but on account of his steady intelligence and balanced judgment. After all, Strachey often let his imagination run away with him, adopting extreme and untenable positions. Duncan Grant had the brains to understand him, but could maintain his own view. He had the painter's intelligence, which has a peculiar quality of level-headedness. For an imaginative writer, a new idea, albeit fundamentally unsound and in fact false, may none the less have some ingredient which will be an indispensable aid to the work of creation. For the time being and provisionally, he must cling to it, and assert it. But the painter creates with his brush. In the world of ideas he has no axe to grind. And he can thus preserve his balance.

With these aids Strachey was to be able to keep his community alive. It was by a further piece of good fortune that the two young ladies elected to marry two of his intimate friends from Trinity. We have seen already Vanessa marrying Mr. Clive Bell.

Six years later Virginia married Mr. Leonard Woolf, after his return from Ceylon. Thus the Trinity party was kept together, gaining strength from its new adherents.

When Maynard returned to Cambridge he retained a London *pied-à-terre* in Belgrave Road; a year later he took rooms in Fitzroy Square with Duncan Grant. In 1911 he made a change, taking a share in a house at 38 Brunswick Square, his fellow-tenants being Adrian and Virginia Stephen, Duncan Grant and, on his return from Ceylon, Leonard Woolf. (When Leonard and Virginia married in 1913 they went off to Clifford's Inn.) The act of leaving London for Cambridge made the whole question of London much more important to Maynard. When residing there he had been busy at the office and with his pen; the whole future lay before him. But when the future lay in Cambridge, he had to be careful not to let his connections with London decay. In due course, sharing houses, sometimes here, sometimes there, he became a member of the Bloomsbury family. He lived as a bachelor in college for part of the time; but Bloomsbury was in a very real sense his home, providing the feminine interest and the human interest which were the background of his daily work.

The question has been raised whether he can be considered as part of the innermost circle of Bloomsbury. Some high authorities would like to raise a doubt and stress certain differences. There were inevitably certain differences. Most of the others were devoting their lives to writing or to some form of artistic endeavour. Maynard was a don; his work in economics was more in the nature of science than of literature; in due course he became a man of business; and in part of the period he was in public life. The nature of the influence he strove to exert implied a difference in outlook. His friends sought to influence the world — in so far as they could be said to do that at all — through the perfection of their artistic achievement. He sought to exert a more direct influence, namely by persuasion and personal intervention. Thus his life was bound to be more littered up with the transaction of business and he had at times fairly close contacts with the great, whom Bloomsbury despised. In no other way could he have achieved his object.

What is so remarkable is that, despite the pressure of worldly interests which were the interests inherent in his profession, he preserved his inner self so untainted that he was always welcomed by the Bloomsbury friends as one of themselves. They felt that

at heart he was their unqualified supporter. And so indeed he was. There is no doubt that in his own mind he believed that the work and the personalities of these friends mattered more than the eminent and famous persons with whom he came in contact. It was the friends who provided him with the specific image of what is meant by the idea of a good life. And it was then good opinion of him that he valued most.

It must not be supposed that there was a self-conscious attempt to form a group or that its members wished to be known by a collective name. The group grew up naturally and spontaneously. In the early days there were a number of young people, who were on friendly terms with the others, some of these eventually drifted away, and new friends were added. It turned out that a certain number desired to remain intimate and maintained continuous contact for a long period. With the passage of years these friendships became deep-rooted. To the emotional sympathy, which is present at the inception of a deep friendship, there was added something less usual, namely, the growing familiarity of daily intercourse so that the friends became almost a family or clan.

What were the leading characteristics of this group? It would be beyond the scope of this volume to attempt a full analysis. There is no authoritative record and it is to be feared that there may never be one; the student of this episode in the history of British culture will have to glean his information from bits and pieces. A few fragmentary notes must suffice in this place. They are necessary, since what so filled the mind of Keynes and furnished forth his idea of the kind of society which it was the economist's task to make possible must be of relevance to his history and to his economics.

As philosophical background, G. L. Moore's theories were translated from Cambridge to London and became *de neuve* in Bloomsbury. The supreme values of life were the states of consciousness involved in human relations and in the appreciation of beauty. In a certain sense it may be said that Bloomsbury was a prolongation in London of that phase in the life of "the Society" which was reached in the years immediately following 1900.

At Cambridge Strachey had laid an emphasis unusual at a university, on the importance of the visual arts, in this ably supported by Clive Bell. This doctrine remained a central

one. Maynard was infected by the enthusiasm, and, in due course, became a buyer of pictures as well as books. His flair for the subject is testified by the value of his collection of modern pictures (£30,000 at his death), which he bought, for the most part, at very modest prices. Some hold, perhaps correctly, that his success in this field was due to some uncanny extension of his intellectual power into the world of aesthetics, and that he was never deeply moved by visual, as he undoubtedly was by literary, beauty. Strachey, indeed, is said to have remarked when in a peevish mood, "What irritates me so about Pozzo¹ is that he has no aesthetic sense". Whatever may be the true view about his independent aesthetic judgment, there is no doubt that he shared the sentiment that the painter and the sculptor should be the most highly honoured among men. It must be mentioned that Roger Fry was from early days a great friend.

Much had been done, before Bloomsbury, to redeem English society from the deep philistinism of the mid-Victorian period. Indeed movement succeeded movement. Bloomsbury in turn made its contribution, notably at the period of the first French post-Impressionist Exhibition in London, towards the wider education of public opinion. We shall see that later in his life Maynard endeavoured to carry this education further, by devising practical arrangements for making modern work better known to the general public.

Then there was the other ultimate good defined by G. E. Moore, the good to be found in personal relations. This raises wide questions. Conclusions might be reached which disturbed age-old moral conventions and codes. Leslie Stephen raised the banner of agnosticism concerning the date of the creation of the world. If the Misses Stephen disregarded established codes of everyday behaviour, this would be a revolution even more significant for ordinary people. They too would become pioneers in their day, no longer the daughters of the veteran rebel, going to conventional dances, but rebels on their own account, leaders in a new movement for emancipation.

It may well be said that Bloomsbury was but an eddy in a mighty stream carrying world-wide opinion far from the tenets

¹ For many years in Bloomsbury Keynes was familiarly known by the name Pozzo, having been so christened by Strachey after the Corsican diplomat, Pozzo di Borgo — not a diplomat of civil motive or base conduct, but certainly a schemer and man of many facets.

of the Victorian era. None the less it had its specific characteristics. The first answer of many, in reply to the question who in England had been most responsible for a change of sentiment in these matters, would be Mr. George Bernard Shaw. There is, however, considerable difference between his tone and temper on these subjects and that of Bloomsbury. The lessons to which the writings of Shaw appeared - to the young in the early years of this century - to point were that the Victorian codes were harsh and brutal and replete with hypocrisy, and that, if we brushed those cobwebs away, natural instinct, which was sound and healthy, could be trusted to secure the right arrangements. Shaw in this, as in other matters, seems to suggest that the final answer to these vexed questions is really simple and under our noses. If only we would all think with the clarity and boldness with which he seems to write, our affairs would fall into proper shape.

Bloomsbury cordially agreed that the Victorian codes were harsh and brutal and replete with hypocrisy, and that the cobwebs must be brushed away. But the answer did not seem so simple. When one examines with integrity and disinterestedness the phenomenon of love, taking Nature as we actually find her, we shall discover many curious and unexpected deviations, many twists and quips. Nature must be examined fearlessly, without prejudice or inhibition. The human heart will be found to have many strange complexities. Bloomsbury would not presume to think that the problems were simple or that the solutions could be written into a modern text-book. Rather they felt that they were on the eve of a great awakening. But much would have to be thought, much tried, much experienced, before we should understand how to arrange affairs so that human relations could be harmonious and happy, and fulfil Moore's ideal of the good.

The debate which proceeded in this society, over the years, covered many matters which it was unusual at that time for women to discuss, matters that are dealt with in treatises on psychoanalysis. They were not discussed in the language of the clinic, but in the language of humanity and charity. Science might take many ages before it reached precise conclusions or formulated them in an intelligible way. Meanwhile these were human problems, demanding an answer if we were to advance to a better way of life. They were discussed in a spirit of humanity and charity, but also, when the occasion was suitable, in one of levity

and frivolity. This was a very important point. In problems concerning sexual impulses, whether straightforward or abnormal, one was not likely to reach a sane and balanced judgment if the discussion was always in hushed tones and with solemn faces. What this subject needed, above all others, was far greater frankness and sincerity. And if the ice was really to be broken, laughter and jest must be introduced into the consideration of the matter. In politics or business it would be obvious enough that one could not achieve a realistic view of what was happening if one was debarred from discussing principles or acts save in terms of respectful solemnity. Fun and ridicule must be allowed to play their part in the analysis of the motives or characters or doings of the principal actors; otherwise political discussion would remain at an unrealistic level, and those who discussed them would have a sense of servitude. And so in these questions of sex.

At that time there were many who were shocked at these proceedings. But in this matter of being shocked it is expedient to demand the credentials of those who are shocked and of those at whom they are shocked. I suggest that there did not exist in England at that time any persons who had a moral claim to be shocked at the discussions in which these ladies thought fit to engage. Since this is but an opinion, it is proper to bring as evidence to the court of posterity the writings of Virginia Woolf. These contain passages showing the finest delicacy and sensitivity, deep psychology, great humanity. I suggest that the opposition will not be able to bring forward contemporary writings of greater spiritual quality, whether from pens of reverend persons, professors, philosophers or any other class of society, which would entitle their authors to censure the conversation of the author of *The Waves*; and what applies to Virginia applies to her sister also.

It may be that these controversies are dead and done with now, and that all these problems are freely and openly discussed, save, perhaps, in some very restricted circles. Has the Bloomsbury point of view in fact triumphed? The matter is not so certain. It may be that in the last resort what is important is not merely that certain matters shall be discussed fearlessly, but also the quality of mind and intention that is brought to the discussion, the high elevation of Moore, or the great tradition of "the Society". Has true emancipation even triumphed in what might be called "highbrow" circles? One may go to a party of a younger generation in London. On the walls are pictures by

Duncan Grant, Matisse, Chagall, on the tables books from the press embodying the current creative effort. The setting seems similar. And what of the conversation? Yes; these problems of human relations are being discussed in a spirit of frankness; the Bloomsbury emancipation has held its ground. But listen again. What is being said sounds, surely, very crude and callow. Surely one ought not to be allowed to say such things in public. One may imagine at this party a young man fresh from school, mature beyond his years, with his secret experiences and visions. He may resolve that when he goes to Cambridge, or it may be to Oxford, he will found a society whose main principle shall be that the tender and delicate affairs of the heart shall only be allowed, by a strict convention, to be discussed with a sole confidant, and that all this crude gossip and unfeeling comment should be most strictly ostracised. If such a man got, Strachey-wise, astride public opinion in the university, and later in a wider circle, the wheel might come full circle back to the Victorian conventions. . . . The situation is perhaps not quite so painful. The steady progress of professional psychology is a safeguard.

But there is another point that strikes us when we ask whether the humanising influence of the Bloomsbury coterie is being more widely diffused in our society. If circumstances rivet the attention of thinking people upon the problems of Hitler, atomic warfare or the Police State, will they find a residue of intellectual energy to direct towards the problems of personal relationships? Do not these aspirations require those old pre-suppositions of Harvey Road — a stable British Empire and assured material progress? May we have to face a period in which civilisation slips back for a while, and the deeper human questions which intoxicated the mind of young Bloomsbury are neglected? Yet in the long run that period too will pass. It is a misfortune that the thoughts of these friends have not been better recorded for the consideration of coming generations.

Bloomsbury was something more than a discussion group, conducting its deliberations over a number of years. It also set out to achieve a way of life. The Cambridge ideals of unworldliness, pursuit of truth and other absolute values, were carried forward, and the group of friends attempted, in ways admittedly imperfect, to pursue them. In the past, idealists have gone forth to outlandish places to establish communities based on the principles of Robert Owen, Fourier, etc. Here was a village

community, living in our midst, using the same shops, post-offices, omnibuses as other people. It was sustained, no doubt, by certain elements of unearned income, and Maynard's un-Apostolic activities in financial speculation often led to his purchase of an object of visual art at a convenient moment. Bloomsbury would not presume to be proud of this achievement and was conscious of its own imperfections as well as those of the wider society within which it lived. Despite all these imperfections, it remained an experiment very sincere in its intentions, which is worthy of study as an episode in the history of culture.

The Waves gives a picture of certain elements of Bloomsbury. It is also coloured by the very individual personality of the author; and it is suffused with a certain melancholy. Bloomsbury consisted of sensitive people, who had their fair share of sadness and distress. But in its social aspect the keynote of Bloomsbury was its perpetual gaiety. How could it be otherwise, with Lytton Strachey setting the pace? Maynard's sparkling spirits and his impishness made their contribution. He might go forth into the grave world of high finance and politics; but he came back full of stories of how ludicrously and comically people were behaving, often parodying them, and exaggerating shamelessly. And the others too, plying their daily affairs, returned to the fold full of absurd anecdotes. If one listened to Bloomsbury conversation, one envied these people for finding in the course of what might seem to be a dull day's work so many incidents, which were fantastic in the telling. Why was one's own life not filled with diverting interludes of this kind? They had the seeing eye. Furthermore, if one rejects the presuppositions upon which ordinary people talk and act, and puts in their place other, perhaps juster, presuppositions, that serves to make ordinary sayings and doings seem highly ridiculous. It was impossible to be bored for a moment in Bloomsbury society. Each utterance was pointed.

The Bloomsbury voice was a distinct contribution. It was based on Lytton Strachey's, consisting not so much in a special pronunciation of words as in the cadences of sentences. These cadences could be used to express implications, additional to the formal meaning of the sentences. Many distinguished persons adopted these mannerisms, probably without knowing it. They were infectious. Maynard alone, among the men in the inner circle, was altogether immune; his soft, distinctive manner of speech remained unchanged from early years.

The voice was emphatic, but restrained. Certain syllables, or even letters, were rather strongly stressed, but not at all in the manner of a drawl. The presupposition of the cadence was that everything one said mattered. Emphasis had to be applied. In a subtle way this maintained the standard of conversation. For if one was on the verge of uttering something silly or flat, one perceived in advance that it would not bear the emphasis that the Bloomsbury manner required, and so it would be left unsaid, to the benefit of all.

The cadence was a trick by which one could produce various effects. A favourite word was 'really'. In ordinary speech the stress is on the first two vowels. In Bloomsbury speech it fell upon the ll's, which were rolled luxuriously and followed by a sharp diminuendo. A stranger might utter a blunder: "Really" — with great interest and surprise. The stranger felt flattered at the interest taken. The clever people evidently paid special attention to everything that was said. It was nice to have this considerate reception. After all, what he had said had not been so particularly interesting. But why the surprise? Surely his remark had expressed quite a commonplace truth. Its truth could not presumably be questioned. But wait. Could it be? Was it conceivable that these clever people took a different view? Was it really true? Then an abyss would open. Pausing to reflect, he realised that this old truism was in fact a piece of consummate balderdash. He had been horribly crushed by one word.

Another trick could be played with this 'really'. A philistine might say that X "liked" 'was fond of', or 'was devoted to' Y, meaning little more than that if X and Y were placed next to one another at a dinner-party, they would get on very well together. He was confronted with 'Really', spoken again with great interest and surprise, the implication being that his harmless words referred to a scandalous intrigue or to a desperate and forlorn love. There were two distinct "reallys" in this connection, one with a rising note on the 'all', suggested that it was delightful news that a friend should be involved in this happy affair, the other, with a diminuendo on the "all", suggested disgust. This might be a mere tease. Or it might be a joke, if the idea of these two people being in love with one another was particularly incongruous. Or there might be a more subtle implication. Bloomsbury was deeply interested in all questions of love and wished to make it plain that in their view, if one could

apply such a word as "devotion" to X's attitude towards Y, that was a matter which must be taken seriously and had weighty implications. They were determined to maintain a heightened interest in human beings, and sustain an active-minded commentary; they were not content to have dry, colourless words applied to the motions of the heart; if people were so dull as to have no deep feelings, then at least these should be attributed to them.

2

Some reference should be made to the achievements of the group. One may cite examples, without claiming to provide an exhaustive list. Although Keynes drew spiritual sustenance from these friends, the main part of his work has, of course, quite different sources of inspiration. There are occasional traces of Bloomsbury influence in points of style and illustration. Monsieur Étienne Mantoux, whose criticism of Keynes will be discussed in the proper place, accuses him of dragging into his *Economic Consequences of the Peace* (1919) a mention of Freud in order to titillate the reader by this reference to a recent finding of psychology. The criticism is extremely wide of the mark. The kind of analysis which Keynes gives of President Wilson's character had been common form in his discussions with his friends for more than a dozen years. Of greater importance was his persistent tendency to ridicule those in authority. This was in part a native strain, but we may believe that it was encouraged — some may think unduly — by the persistently mocking vein of those among whom he spent his happiest hours. And then there was that vision of the good life, which animated his endeavours, of which his readers catch glimpses all through his works.

The achievements of those whose names I have mentioned are well known — Lytton Strachey, Virginia Woolf, Vanessa Bell, Duncan Grant, Clive Bell, Leonard Woolf, Roger Fry. To these we must add E. M. Forster and David (Bunny) Garnett. The latter was younger than the others; he became an intimate and devoted friend of them all, and of Maynard in particular. When the group was established, containing so many whom Lowes Dickinson had known as undergraduates, he was inevitably in some sense of it. Sheppard retained his links. There was another younger member, whose work may possibly survive that of all the others — Arthur Waley. Whatever the beauties of Lady

Murasaki's novel in her native tongue, Waley's exquisite translation must long remain a classic, giving English readers their chance of comparing this great masterpiece with the finest products of Greece or France or Russia. James Strachey and W. J. H. ("Sebastian") Sprott have produced work in psychology. Gerald Shove, the economist, had close contact at a certain period. After the First World War, marvellous to relate, a very small infiltration of Oxford men was permitted. Of these first mention should be made of Raymond Mortimer, a literary critic of great distinction, who has done much to kindle and sustain British appreciation of the civilisation of France. He was fully adopted by Bloomsbury. With the advantage of years on his side, he has carried forward some of its traditions into a generation that knew it not. May it yet fall to this Oxford man to compose for posterity some record of what was in essence a Cambridge movement? Other Oxford figures were Stephen Lomlin,¹ Philip Ritchie, Roger Senhouse and Edward Sackville-West. The future will not have the chance of hearing Sackville-West's superb execution on the piano at a young man, but the novel entitled *Simpson* and the biography of Dr Quincey, entitled *A Flame in Sunlight*, will surely long be treasured. What strikes the eye, when it inspects this catalogue of work, is the great dissimilarity between the items. There is no case here of a literary school self-consciously imitating its master. It is quite a different kind of phenomenon — a grouping together of men of individual genius or talent, finding stimulus in the society of the others, finding a congenial way of life, but each pursuing his own bent and striving after his own unique form of expression.

It has been erroneously held that Bloomsbury was in the nature of a mutual admiration society. This is very far from the truth. No doubt as friends they would give each other a helping hand towards material advancement. But within the circle they were keenly critical of one another. There was no question of mollycoddling. A sharp, biting wind of criticism blew through all the recesses of their habitations. They did not give mercy nor expect it. Indeed, if you chanced to hear one member of Bloomsbury pull another to pieces, not leaving a shred, destroying him utterly, you might wonder what form their criticism would take when directed against an outsider. The fact of the matter is that, broadly, outsiders were neglected. It was a world within a world.

¹ See also pp. 189, 191 below.

By concentrating on the criticism of their friends, they focused their thoughts.

This concentration was not a device for self-advancement but for protection against all the irrelevant, distracting and disintegrating forces at play in our rather loosely connected modern society. It was a return to the Greek City State. No doubt there was a consciousness that other men of talent were also writing or painting. This might occasionally be denied in conversation — “Really, you know, there isn’t anyone else” — but this pleasant, whimsical conceit was not to be taken too seriously. Many other distinguished people were living in London at the time, and many of them were very anti-Bloomsbury. Action and reaction are said to be equal.

Although I have made no attempt at comprehensiveness, it would be very contrary to the canons of Bloomsbury if I mentioned only those who achieved successful work. It is fitting that I should name also two or three others whose membership was prized as highly as those better known.

We have had a glimpse of the arrival in Cambridge in 1905 of Harry Norton, and his early success there. He very quickly became a central figure and remained so for a dozen years. He adopted the creed of unworldliness and sometimes took his friends to task. He was a man of some means, and for a number of years made an allowance to Lytton Strachey, which was paid back in full after the publication of *Eminent Victorians*. By profession he was a mathematician, and was elected to a Fellowship at Trinity in 1910 for a thesis on the application of probability theorems to certain problems in genetics. He pursued this work with a view to publication; but time passed and there seemed to be great delay. Alas, the work never achieved consummation. Norton’s mind became unable to grapple with these problems; he relapsed into a condition of inertia and sadness, and died at the age of fifty.

Then there was Francis Birrell. He went up to Cambridge in 1908 and Maynard became his staunch supporter and friend. He was one of the most delightful conversationalists of the group, very Bloomsbury, very light, a man of literary interests and wide reading and excellent judgment. He purveyed his learning and his thoughts with exquisite gracefulness and subtle, delicate wit, always with a slightly deprecatory note — “Will this quite do?” “Is it quite like this?” He was the most companionable of beings. He died of a tumour on the brain at the age of forty-five.

I once expressed a touch of envy at the lovely life he led in an endless round of discussion among intelligent and affectionate friends. "Oh, no," he said, "it is not at all like that really. I spend most of my time with my father" (Augustine Burrell, the well-known Liberal Minister and man of letters), "he is very lonely, he has no friends, he needs my society, I keep him company on most evenings." "Well," I replied, to make the best of the situation, "he must have an endless fund of reminiscences of those famous Victorians whom he knew." "Oh, no," he replied, "he does not at all like speaking of the past, what he likes is argument. As a matter of fact there is really only one argument, which goes on repeating itself." *Harrod*. "What is that argument about?" *Burrell*. "Whether contraceptives are right or wrong!"¹

Mention should also be made of Miss Cunningham, afterwards Mrs. Ralph Partridge, always known as 'Carrington', a Slade student with an attractive face and a thought fringe across her forehead.² During the First World War she had chances of seeing Lytton Strachey, and they became fast friends. Lytton Strachey had not much to offer women by way of ordinary masculine blandishment. She had intellectual cravings and some subtlety of apprehension, and she achieved satisfaction in her ready appreciation of his fancies. He found her a sympathetic companion, in due course she came to idolise him. After the war she and her husband joined him in his house in Berkshire, and they remained with him till the end. When he died, the sun went out of her life, everything seemed colourless and purposeless. She did not long survive him.

Among the few who filtered in from Oxford, very soon after the war, was Stephen Tomlin ("Tommy"). He was rather nearer to Lytton than to Maynard, although he often came

¹ In his *Memoir Club* paper (1917's B. 11.1.15) already cited (cf p. 80 above) Maynard makes just points of criticism of unsystematic Bloomsbury philosophy. It is possible also to detect a slight change of climate leading to some lack of sympathy which would have given him grounds to have foreseen it when younger. In tracing his progress as an economist, the biographer must record positions reached late in life as having greater validity than earlier doctrines. In matters of sentiment, he should regard earlier positions as having no less authority than later ones: there are disadvantages in growing old. Maynard applied the adjective 'brittle' to the friends adding "especially Frankie." I do not know why he singled out Burrell in this way nor, I believe, do his friends. The publication of the *Memoir*, without his having had the chance to revise it, may unduly enhance the importance of what may have been no more than a passing whim. Francis Burrell was a rare and beautiful spirit, whom they all loved dearly.

² Cf also p. 209-218 below. Partridge was another notable Oxford accession to Bloomsbury.

to the Maynard home. He was a man of extraordinarily versatile talent, Classical scholar at New College, poet, brilliant actor, pianist, and, by profession, sculptor. Above all, he was a conversationalist whose assiduity was capable of exhausting even Bloomsbury. Not that he was for a moment a boring talker; on the contrary, some might rank him as the most interesting of them all. Although he was at Oxford (but only for three terms), he was just a little more serious in his tones than standard Bloomsbury. Some Bloomsbury mannerisms were superimposed on a beautiful, rich, mellow and appealing voice. His knowledge was considerable and his mind in incessant activity. He had a commanding intellectual power, so that the cleverest people were impressed by his judgment, even when he was very young. He acquired a great interest in psycho-analysis and was one of the few amateurs who made the more technical parts of Freud interesting and enticing. "So-and-so, you see, has an anxiety"; the word "anxiety" would be rather lengthily drawn out in the Bloomsbury manner; and then one knew that one might expect a fascinating diagnosis.

He was interested in these techniques; but, long before he knew about them, he had a natural power of psychological sympathy. Starting with some bits and pieces, some stray ends of foolish thoughts of a soul in distress, he could create for him a different view, illumine his path, give him new thoughts, new hopes, invest his life with a new interest and dignity. For anyone, however different he need not be of Bloomsbury--talk with him was always exhilarating, leaving the soul replenished.

You might part company, grateful and pleased at having met him; there was a strong handshake and a winning smile. You might watch him walk away with a rather deliberate tread, his shoulders swinging with a suspicion of jauntiness that was not quite Bloomsbury. You saw him proceed, turn into a side street and disappear behind the railings. Then, if you reflected a moment, you knew that black and horrible despair and anguish seized and rent him; it was hardly possible to walk forward; he felt himself personally guilty of all the sufferings taking place in the world; was there not some sick person with whom he could exchange his life? How shuffle off these terrible mortal coils quickly?

In his conversation with others he brought good cheer; he seldom referred to the dark side. One asked him if he could not

look at matters differently. He replied calmly that he supposed he must have a disease of the brain ; that he must be a little mad really. His was a case in which it would seem that so much psychical force went into the understanding of others, interpreting life so as to create for their benefit something intelligible and hopeful, that there was no energy left for building up some kind of idea about his own life ; when it came to that, he found himself stripped of all vitality, a poor dejected creature, a broken reed. He died of pneumonia at the age of thirty-five. There is a bust of Lytton Strachey by him in the Tate Gallery, one of Virginia Woolf in the possession of Mr. David Garnett, one of Duncan Grant in the possession of Lady Keynes, and he did a number of other skilful portraits. There is a fine woman nude, on a large scale, in the grounds of Biddesden House, in Wiltshire.¹

Such were Keynes' associates for more than a dozen years. Later, the pattern was to change somewhat. He found in a happy marriage the ideal background for the prolonged creative work that he had then to do. Meanwhile he profited much from the constant stimulus and affection of his Bloomsbury friends. And of course he gave much. They on their side were stimulated by his delightful company, his vitality and the impact of his abounding interests. And they gained, too, from his resources of knowledge and worldly contact. He was their main pillar of strength, their sage, their financial adviser, their patron. He was always ready to help, in one way or another, to promote their material interests. They also drew intellectual sustenance from him. Was he not a logician, a mathematician, a philosopher, an economist and an expert on many aspects of public affairs? They valued his judgment on all these topics. They were not flimsy *littérateurs*, content to take up philosophical or scientific ideas by hearsay or from inferior sources. One and all, they wished their work to be well based, if only it were possible, on a sound philosophy. "Is it right, Maynard?" "Is it sound?" "Is it logically tenable?" "Are these really the facts?"

They were all people of strong individuality, and were strongly individualist in creed. And so was Maynard. He was an individualist to the finger-tips. For him those concerned with government were a lesser breed of men, whose rôle was essentially a subordinate one. The idea that a government, however popularly elected, should be entrusted to make certain value

¹ The property of Lord Moyne.

judgments on behalf of the community was anathema to him. He had no sympathy with the project of limiting consumers' freedom of choice for the sake of greater efficiency, mass production or standardisation.

On the other hand, he was violently opposed to *laissez-faire*. Mr. Sheppard recalls a speech which he made at a Liberal meeting when an undergraduate. He defined Conservatives and Liberals in this way: let there be a village whose inhabitants were living in conditions of penury and distress; the typical Conservative, when shown this village, said, "It is very distressing, but, unfortunately, it cannot be helped;" the Liberal said, "Something must be done about this." That was why he was a Liberal. Sheppard was impressed with this simple statement of creed. Whether or not it can be regarded as an adequate and comprehensive definition of the philosophies of the two parties at that time, the view asserted to be Liberal was assuredly Maynard's throughout his life. He believed that distress in all its forms should not go unheeded. He believed that, by care and pains, all our social evils, distressed areas, unemployment and the rest, could be abolished. He believed in planning and contriving. A way could be found. That was his experience in his private life and in the affairs of his college, and the same maxim should be applied in public affairs. He always had a scheme. His mental energy and resources were limitless. If a thing could not be done in this way, it could be done in that.

How can one reconcile the adamant and uncompromising individualism which was at the centre of his being and his fervent belief in planning? Did he resolve what might seem on the surface to be a contradiction? — a question of no little interest, since its successful resolution may be the prerequisite for the maintenance of the kind of civilisation we have known. In Keynes' economic writings is to be found his solution of this dilemma. It is one of the problems to which he applied his whole mind, a not inconsiderable one, and deep study of his conclusions will long remain worth while.

This problem is tied up with another, to which he gave less explicit thought. We have seen that he was strongly imbued with what I have called the presuppositions of Harvey Road. One of these presuppositions may perhaps be summarised in the idea that the government of Britain was and would continue to be in the hands of an intellectual aristocracy using the method of

persuasion. If, owing to the needs of planning, the functions of government became very far-reaching and multifarious, would it be possible for the intellectual aristocracy to remain in essential control? Keynes tended till the end to think of the really important decisions being reached by a small group of intelligent people, like the group that fashioned the Bretton Woods plan. But would not a democratic government having a wide multiplicity of duties tend to get out of control and act in a way of which the intelligent would not approve? This is another dilemma -- how to reconcile the functioning of a planning and interfering democracy with the requirement that in the last resort the best considered judgment should prevail. It may be that the presuppositions of Harvey Road were so much of a second nature to Keynes that he did not give this dilemma the full consideration which it deserves.

There is also the eternal question in economics of the relation of means to ends. Conscientious economists usually stress the point that their science is concerned with means only, and that it is for others to prescribe the ends. None the less it is hard to draw the line, especially when the economist concerns himself with practical issues. An idea as to what the appropriate ends are may lurk implicit in his recommendation. Some economists are felt to have had too narrow a view of the ends of society. Not so Keynes. His writings are instinct with broad and generous views. We need not attribute this to the influence of Bloomsbury; but we can associate it with his being the kind of man who would enjoy Bloomsbury society.

While he had his own inner vision, he was none the less aware that economists as such must not overstep the mark. He once defined his position in some words very carefully chosen. It was at the end of his speech at a dinner given him by the Council of the Royal Economic Society in 1945 on his retirement from the Editorship of the *Economic Journal* after thirty-three years. It had been a wonderful speech, easy, pleasantly flowing, mellow, full of amusing anecdotes and fascinating character sketches of Balfour, Haldane and other eminent people, with whom he had had contact as secretary of the Society. Finally he came to the toast. "I give you the toast of the Royal Economic Society, of economics and economists, who are the trustees . . ." It would have been easy to say "the trustees of civilisation", and to have sat down amid appropriate applause. ". . . who are the trustees,

not . . .” One could not help having the idea – “Why this pedantic ‘not’?” Surely this was not the moment for academic qualifications, for ifs and buts. It was true that he was addressing the members of the Council of the Royal Economic Society, professors, men of learning. But still, we were also human. It was a golden hour, our hearts had been touched, we had drunk champagne. We had in fact each had one modest glass of champagne only, from the soup onwards through the evening. Really there was something intolerable about the donnish “not” coming at this hour and place. It was so unlike Maynard not to say a thing simply and boldly. But he was choosing his words – and to economist, who are the trustees, not of civilisation but of the possibility of civilisation. He had said what he wanted to say.

And what he had said was true, not something slipshod, which might pass muster on such an occasion, but an accurate description, which would bear the test of close scrutiny in the clear light of day. And it did full justice to economics. When he came to the “not”, did there flit through his mind a vision of Lytton, of Duncannon of Virginia? They were the trustees of civilisation. Economists had the humbler, but still quite indispensable, role, it was that to which he had devoted his own life.

CHAPTER VI

THE FIRST WORLD WAR AND THE PARIS PLACE CONFERENCE

I

It was Sunday, 2nd August 1914. The day was dawning on a new and terrible world. The benignity of the sunshine had departed, and in its place was a harsh glare, as it might be on some strange planet, a place of unknown and nameless horrors. Britain was to be carried far from her moorings. Would she ever regain them? Civilisation was to be disrupted. Would it ever be restored? What would become of poetry and painting and philosophy? What of old friends and friendships? And what, amid these stern and cruel events, of a group of sensitive and peace-loving people, who had aspired, in their quiet way, towards a more harmonious manner of living? All things would indeed be built anew, but by the blind force of circumstances, not by the mind and will.

When it was decided that it would be more appropriate for Keynes to serve as a full member of the Indian Currency Commission, Basil Blackett had been appointed to the vacant post of secretary. He was now in the Treasury, struggling with great issues and great events. Britain was on the brink of war. What of her gold standard? What of her financial leadership? During the preceding decades, stretching back for a century, she had in effect provided a stable currency for the whole world, and thereby contributed greatly to the growth of trade and production everywhere. It has since been a commonplace of the history books that this system was terminated by the First World War, and that up to the present time no alternative system has been found to work so well to the satisfaction of all parties. But Britain did not abandon her responsibilities without some struggle. Basil Blackett, conscious of the momentous nature of the decisions which would be taken, took up his diarist's pen, which had been idle for some

years. He was most anxious that, at this crucial moment, the right things should be done, and, at the time, the maintenance of specie payments seemed all-important. The Treasury was of one mind on this, and was supported by the Bank of England. But there were already present on the scene representatives of bankers, making sweeping demands for the creation of new assets and the suspension of liabilities — sinister presage of so much that was to follow. In Blackett's view the bankers must be defeated at all costs, and his mind reverted to Keynes, who had proved such a splendid warrior on the Indian Currency Commission.

Blackett's message reached Keynes in Cambridge on Sunday. The trains seemed unsatisfactory, and Keynes appealed to his brother-in-law, A. V. Hill, who was the proud possessor of a motor-bicycle and side-car. Hill made a trip to London in order to give Keynes a lift. As they drew near to Whitehall, they had an uneasy feeling that it would be incongruous to approach the august portals of the Treasury on a pre-war London Sunday afternoon in this conveyance. Keynes alighted at the end of the street.

Extracts from Basil Blackett's Diary

August 2nd: Keynes turned up (I had tried to get at him to influence the Bankers on Friday night) and he, Hawtrey and I had tea at 6 p.m. (my first meal since breakfast) at the United Universities Club. Keynes is entirely with us, though (like me) he does not share in full Bradbury's detestation of the Joint Stock Banks' paying in gold to the Bank of England. We all agree that it would be better that they should use their gold to pay customers (and we are trying to say so in our reply to them), but if their gold is freely paid out by the Bank of England, no great harm arises, so Keynes and I think.

Blackett had serious misgivings about the capacity of Lloyd George (commonly known in Treasury circles as "the Goat"). *August 1st:* "If Sir Edward Grey is indispensable at the Foreign Office, the last few days suggest that Lloyd George could be dispensed with at the Treasury". *August 2nd:* "There was imminent possibility of their" (Lloyd George and some others) "resigning forthwith, and being replaced by Opposition members. This suggested Austen Chamberlain for the Treasury and the financial situation saved."

August 3rd: House rose about 10.15 P.M. Back to Treasury to get memorandum by Keynes on disastrous character of any policy leading to suspension of specie payments which he was preparing at my instigation. Home reading it, arriving about 11.40 P.M.

August 4th: Keynes' memorandum given by Hamilton to Lloyd George, who asked who Keynes was, and on being told that he was a friend of mine, expert in currency, said it was monstrous that Treasury officials should call in outsiders on their own responsibility. But he read the memorandum.

August 5th: Lloyd George has at last come down on the right side and is in a fair way to becoming quite a currency expert. He has clearly imbibed much of Keynes' memorandum and is strong against suspension of specie payments. We are all in high spirits at the prospect of victory for Treasury views.

August 8th: Lloyd George's conversion was a triumph, but he himself is really a wonder. It took some time to teach him, but he promises now to reach the front rank of financial experts, if his present knowledge makes him retain a taste for the pure finance side of the Treasury work which he has hitherto entirely neglected.

No further services were required of Keynes for the time being, and it was only early in 1915 that he entered the Treasury "for the duration".

Apart from a holiday in a camp near Coverack, he was in London during most of August and September and composed an article for the *Economic Journal* which appeared in the September issue, under the title "War and the Financial System, August 1914". This was a description and analysis of the tangled situation at the outbreak of the war. It was written with his masterly clarity. He was widely congratulated on it as a fine performance, although some, who were ignorant of the fierce battles which had raged in the first few days, thought that he had been rather too severe to the bankers. He softened his criticism in an article which appeared in the following (December) issue, probably less from any sense that his previous strictures were too strong, than from his general respect for the City and its ways, and his desire to maintain its prestige in these difficult times. He would not be likely to exaggerate in stating his views to Alfred Marshall.

J. M. Keynes to Dr. Marshall, 10th October 1914

Thanks very much for your letter. It was impossible to do justice to the question of the behaviour of the banks in the early days

of the war without going into personalities, which was not possible in the *Journal*. — and — were the spokesmen of the bankers and the men whom the Treasury looked to as their leaders. The one was cowardly and the other selfish. They unquestionably behaved badly, and it is not disputed that they pressed strongly for suspension of cash payments by the Bank of England. By no means all of the other bankers either trusted -- and — or agreed with their immediate proposals; but they were timid, voiceless and leaderless and in the hurry of the times did not make themselves heard. I think, however, that, taking a long view, the banks themselves are to blame for this. They are too largely staffed, apart from the directors, on what in the Civil Service is called a second division basis. Half of their directors, on the other hand, are appointed on hereditary grounds and two-fifths, not on grounds of banking capacity, but because they are able, through their business connections, to bring to the bank a certain class of business. Naturally when the time comes they find themselves without a leader of the right kind. And no one but themselves is to blame. Parker, here, tells me that the meetings at the Treasury took place before the Board of Barclay's had an opportunity to meet. Of course they did. In crises you must have a few men at the top capable of taking wise decisions immediately. Fortunately we had a few such, but not amongst the Joint Stock Bankers.

At least that is my view of what happened.

The second *Journal* article carried on the story and gave a forward survey. Although it has been less read since, and described events of less crucial importance, it is in some respects more interesting than the first article. He made prognostications in regard to the future of the exchanges, and he predicted, correctly as it turned out, that gold would be released on a big scale from the reserves of the various belligerents and suffer a consequent decline of value in terms of commodities. This article is a most striking example of his skill in predicting likely future developments out of a complicated situation.

And what would be the final upshot? The article contains a speculation of some interest.

It is, therefore, a possible consequence of the present war, more likely in proportion as the war is prolonged - I cannot say that I yet think it probable - - that some international regulation of the standard will be forced on the principal countries of the world. If it prove one of the after-effects of the present struggle, that gold is at last deposed from its despotic control over us and reduced to the

position of a constitutional monarch, a new chapter of history will be opened. Man will have made another step forward in the attainment of self-government, in the power to control his fortunes according to his own wishes. We shall then record the subtle, profound, unintended, and often unnoticed influences of the precious metals on past historical events as characteristic of an earlier period. A new dragon will have been set up at a new Colchis to guard the Golden Fleece from adventurers.

In the welter of confusion that followed the First World War, nothing of this sort was thought of. It was only after the years had passed and another great catastrophe had befallen the world that such a plan began to take shape, with Keynes himself as the master mind. And even now we do not know if man will have sufficient resolution, amid the difficulties that have followed the Second World War, to bring the plan to fruition. Keynes foresaw at an early date what would be necessary, but blind forces have moved more quickly than wise planning, and the domain of Chaos continues to be extended. While Keynes has been so often criticised as a vacillator, I would stress the continuity through his life of his main ideas and plans.

Another example of this continuity is furnished at this time, although the matter was a less momentous one. Keynes' preference for maintaining men at work rather than in unemployment, which was to play such an important part in his later views, is seen in this letter to his mother, who had sought advice in her capacity of Guardian of the Poor.

J. M. Keynes to Mrs. Keynes, 9th August 1914

Where money can be usefully spent on capital improvements, a large part of it going in payment of labour which *might otherwise be unemployed*, the argument for spending it is very strong. It would, for example, be ridiculous for the guardians to contribute to the amount of unemployment in Cambridge by refraining from useful building, and then spend money in order to give relief, to maintain men in idleness or in relatively useless occupations.

Keynes also published an article on "The City of London and the Bank of England", in the November issue of the *Quarterly Journal of Economics*. His Treasury position prevented him from writing more for the rest of the war. He found time, however,

to review the new edition of the *Works of Walter Bagehot*,¹ whose precepts he must have had in mind on the outbreak of war. He placed Bagehot very fairly, resisting the claim that he is to be taken seriously as a critic of Shakespeare or Milton. In the history of economics, Bagehot and Keynes are probably to be reckoned as the two economists most highly endowed with psychological insight. It is fascinating to read the comment of the one upon the other. While paying a tribute to Bagehot's subtlety, when analysing the minds of business men (not of poets — Keynes was not a member of Bloomsbury for nothing), and to Bagehot's many other fine qualities, he points out correctly that Bagehot had but small capacity for economic theory, which was a drawback.

The same issue of the *Economic Journal* contained a review article by Keynes on a number of German publications regarding the German war effort ("The Economics of War in Germany"); his appraisal was cool, without warlike passion or distortion, and praise was given where due. There was warning that the methods employed were likely to lead to very serious inflation. But when he came to deal with Professor Jaffé, expounding a social philosophy of strength for the sake of war, the venom of Keynes' attack was as potent as that of the most heated British patriot. Keynes thought it important to keep track of what the Germans themselves were thinking, and in collaboration with Mr. Dudley Ward, by this time his colleague in the Treasury, he had a translation of some weighty articles in the *Frankfurter Zeitung* published by Macmillan (*England's Financial Supremacy*, 1917). This appeared anonymously. The opening preface of three pages is clearly from Keynes' pen.

Michaelmas Term (1914) saw him back at Cambridge at his normal duties. Sorrow lay heavily upon him, as on so many others.

J. M. Keynes to G. L. Strachey, 27th November 1914

. . . For myself I am absolutely and completely desolated. It is utterly unbearable to see day by day the youths going away, first to boredom and discomfort, and then to slaughter. Five of this college, who are undergraduates or who have just gone down, are already killed, including, to my great grief, Freddie Hardman. . . .

¹ *Economic Journal*, September 1915.

J. M. Keynes to Duncan Grant, 25th April 1915

... This has been a horrible weekend, and I feel again, although I thought I should not, as I did after Freddie's death Yesterday came the news that two of our undergraduates were killed, both of whom I knew, though not very well, and was fond of And to-day, Rupert's death¹ In spite of all one has ever said, I find myself crying for him It is too horrible, a nightmare to be topt in yhow May no other generation live under the cloud we live under .

In December he went to visit his brother, Geoffrey, who was on medical duty at a hospital in Versailles. He took this opportunity of obtaining information about the French financial conduct of the war. Soon afterwards, when installed at the Treasury, he had to go on a deputation to Paris, which included the Chancellor of the Exchequer, Lloyd George. In the railway carriage, Lloyd George gave his exposition of the state of affairs in France. He called for comment In due course Keynes was asked to speak. "With the utmost respect, I must, if asked for my opinion, tell you that I regard your account as rubbish." A couple of years later it happened that Bonar Law, when he had just succeeded McKenna in the Chancellorship, applied this same word to an exposition by Lloyd George at a Cabinet meeting "Ah," said Lloyd George, "I see you have learnt Treasury manners quickly"²

Lloyd George liked to gather around him persons who were not of the fiscal hierarchy but had full access to secret information, in order that they should give him independent advice as a check upon his officials.³ He developed this policy on a large scale when he was Prime Minister, and his advisers of this class were known as "the garden suburb". As Chancellor he had one such adviser, Sir George Paish, who had to write him numerous memoranda on the various topics arising Paish felt himself overburdened and asked for an assistant, and it was as such that Keynes, whom Blakett had been most anxious to get into the Treasury, was taken on in January 1915

The situation soon changed. Lloyd George was succeeded by McKenna in May 1915, and Keynes was incorporated

¹ Rupert Brooke

² On his return to the Treasury that day Bonar Law asked his officials for an explanation of this *riposte*, and they remembered the railway carriage incident

³ Mr Churchill had a similar plan in the Second World War, albeit on a less grandiose scale.

as part of the regular staff of No. I Division, which was concerned with finance.

In the following June he had to accompany Mr. McKenna to Nice in order to make financial arrangements with the Italians. He had several days of exceedingly hard work. He did not go to bed for three nights and on the final night had a race with time, labouring with Signor Nathan to get the agreement into order. He attributed it to the sudden strain of this highly responsible and fatiguing work that, when he got home, he had to have an emergency operation for appendicitis and was gravely ill. There were complications, which were to have serious consequences twenty-two years later.

J. M. Keynes to Mrs. Keynes, 17th July 1915. Garsington Manor

I was none the worse for stepping briskly into the train yesterday. This is a most lovely place, but the weather is dreadful. At the present moment I am still lying in bed after breakfast and writing letters.

I couldn't say to you all I felt of gratitude and deep affection. It has really been very nice, in spite of the circumstances, to spend five weeks together.

I have been made very miserable this morning by hearing [from his brother] that Békassy has been killed. He fell in the Bukovina on June 25th after only four days' fighting. Of my party at Everleigh — it seems only the other day — three are now gone.

Thereafter he made rapid progress in the Treasury. Sir Otto Niemeyer and Sir Richard Hopkins contributed the following account to the obituary notice which was published in the *Proceedings of the British Academy*:

Once there, his quick mind and inexhaustible capacity for work rapidly marked out a kingdom for itself, and before long he was a leading authority on all questions of external, and particularly inter-allied, finance. It would be untrue to attribute to him the substitution of loans to the Allies for the time-honoured British practice of outright war subsidies: that had already been decided in the early days of the war in consequence of the special relations between the U.K. and the Dominions, who were the earliest borrowers, and of the pride of the main allied borrower, France. But it was Keynes who developed and applied the system of allied war loans, largely from the angle of control over the use of these borrowings and its relation to our own needs and orders for material. When America

came into the war, the American Treasury found the system fully fledged and itself adopted a similar practice. Equally absorbing was his interest in the provision of foreign exchange resources for U.K. expenditure abroad. Keynes took an active part both inside the Treasury and in the periodical discussions on this subject with the Allies before the entrance of America into the war. Many stories are told of his resource in the frequent moments of stress. One may be repeated here. There was urgent need for Spanish pesetas. With difficulty a smallish sum was raked up. Keynes duly reported this, and a relieved Secretary to the Treasury remarked that at any rate for a short time we had a supply of pesetas. "Oh no!" said Keynes. "What!" said his horrified chief. "I've sold them all again: I'm going to break the market." And he did.

The point about the "control over the use of these borrowings" should be noticed. This was a new departure. The historic loans by Britain to her Allies were spent by them at their own discretion. On this occasion the magnitude of the loans and Keynes' eye for detail combined to bring about new methods, whereby the items on which the money was spent were under observation and control. It was natural that, when in due course the United States proceeded to advance money to Britain, she should copy our system of control. Alas, the second world disaster has renewed the need for advances, subject to control, and they are still (1950) proceeding. Among his many contributions to practical economics it must unhappily be reckoned that he was the father of such systems of control.

In the early stages he was working in close collaboration with Blackett. He soon became the authority in chief for the matters referred to in the foregoing extract. The Treasury had a tradition of devolving responsibility upon younger men. Mr. Dudley Ward, who was below Keynes in the hierarchy, recalls that at one time he was summoned by Robert Chalmers, then Joint Secretary to the Treasury, who informed him that he was too busy to attend to all details and would countersign Ward's decisions without study. If mistakes were made, Chalmers would take the blame. But if a serious mistake was made, Ward would be assigned to another department! Thus Keynes soon acquired ultimate responsibility for these grave matters. He was allowed direct access to the Chancellor of the Exchequer. Early in 1917 his province was carved out of No. I Division and transformed into a separate "A" Division.

On the outbreak of the Second World War Keynes sent Sir Frederick Phillips an interesting note on exchange policy during the first :

In the last war there was no exchange control as such, apart from import licences, restrictions on foreign investment, etc. The procedure adopted was analogous to that of the Exchange Equalisation Fund before the war. That is to say, there were free dealings over the exchange at a rate which was "pegged" by the Treasury, unlimited dollars being supplied at this rate. The only difference was that the pegging was done in New York and not in London, the dollars being supplied by Morgans' as our agents. E. C. Grenfell would come round to the Treasury each morning with a pink cable in his hand, showing what had been paid out on the previous day.

Complete control was so much against the spirit of the age that I doubt if it ever occurred to any of us that it was possible. But the absence of it made my task of preparing a monthly budget of the dollar position very precarious. I used to obtain each month an estimate from the various departments and from the allies both of their total outstanding dollar commitments and of the amounts which they expected to mature in each month. To this, if I remember rightly, I added my own estimate of the probable requirements of the "free exchange". On the other side, our dollar assets, actual and prospective, were set out in the shape of gold and securities and the proceeds of loans. But the requirements of the "free exchange" would come irregularly in great rushes, just like the demands on the Equalisation Fund, largely depending on the nature of the war and political news. I remember in particular a terrific run at the end of 1916, when the daily requirement (if my memory is correct) ran for a short time in excess of \$5,000,000, which in those days we considered simply terrific. Chalmers and Bradbury never fully confessed to Ministers the extent of our extremity when it was actually upon us, though of course they had warned them, fully but unavailingly, months beforehand of what was coming. This was because they feared that, if they emphasised the real position, the policy of the peg might be abandoned, which, they thought, would be disastrous. They had been brought up in the doctrine that in a run one must pay out one's gold reserve to the last bean. I thought then, and I still think, that in the circumstances they were right. To have abandoned the peg would have destroyed our credit and brought chaos to business; and would have done no real good. I recall an historic occasion a day or two after the formation of the second coalition government at the end of 1916. The position was very bad. We in

the Treasury were all convinced that the only hope was to pay out and trust that the drain would suddenly dry up as it had on previous occasions. But we had no confidence in the understanding of Ministers. Chalmers went over to Carson's room (my memory tells me that it was in the War Office; was it?) to report to the newly formed War Cabinet. "Well, Chalmers, what is the news?" said the Goat. "Splendid," Chalmers replied in his high quavering voice; "two days ago we had to pay out \$20,000,000; the next day it was \$10,000,000; and yesterday only \$5,000,000." He did not add that a continuance at this rate for a week would clean us out completely, and that we considered that an average of \$2,000,000 very heavy. I waited nervously in his room, until the old fox came back triumphant. In fact the drain did dry up almost immediately and we dragged along with a week or two's cash in hand until March 1917 when U.S.A. came in and that problem was over. So far as I know, the Germans were totally unaware of our financial difficulties. But the American Government, of course, knew them. It has been an important part of the case of the recent Nye Committee for denying credits to belligerents that Mr. Page cabled to his government as follows on March 5th, 1917: "I think that the pressure of this approaching crisis has gone beyond the ability of the Morgan financial agency for the British and French Governments. Perhaps our going to war is the only way in which our present prominent trade position can be maintained and panic averted."

On the other hand, my monthly estimates were saved by the fact that, as a result of delays in deliveries, the departments and the Allies never succeeded anywhere near in spending up to their forecasts. At the end of the war quite a significant part of the orders placed by L. G. and Russia in the summer of 1915 were still undelivered; and there were still hundreds of millions of dollars of these old orders outstanding when we were cleaned out in March 1917 and the American Treasury had to foot the bill.¹

These reminiscences are not meant to be wholly irrelevant. It is true that in one important respect our problem then was different. Foreign balances in London were insignificant and were greatly outweighed by what foreigners owed us on acceptance credits. The financial crisis of 1914 was due, not to our being unable to pay what we owed abroad, but to foreigners being unable to pay us. It was not sterling which crashed in that month, but the dollar (which went temporarily over 6 to the £). But by 1916 the difference between the position then and the position now was not so fundamental.

It is, therefore, well to remember that we did get through after a

¹ I have depended wholly on my memory, unrefreshed by documents, in writing the above, and it is probably inaccurate in detail. (Note by J. M. K.)

fashion without blocking the exchanges; and this policy was not without considerable advantages of simplicity and efficiency.

The work was extremely exacting. It does not seem to have given rise to major political or inter-departmental crises. All went forward smoothly. It is a happy nation that has no history. And if this was so, we may be justified in attributing it to Keynes' commanding ability. The issues were all sorted out in that clever brain of his, rather than at the committee table. He always saw several moves ahead and thus prevented a crisis developing which might give rise to inter-departmental or political acrimony.

There have been men of ripe judgment who affirmed that Keynes contributed more than any other person in civil life to winning the First World War. This proposition is carried easily on a gust of enthusiasm, and it has been applied to more than one person. The fact remains that all who had any knowledge of these matters were united in praising Keynes' great efficiency; much as he has been criticised on other counts, I have found no criticism of this phase.

From one point of view this was the height of his career. Never again in his life did he occupy a position of major administrative responsibility. Some will value his thought and writing more highly. Those who have greater regard for practical ability and prefer action to theorising should give Keynes the highest honours. He occupied the key position at what was without challenge the centre of the inter-allied economic effort, he thought out the policy, and in effect bore the ultimate responsibility for the decisions and carried the business forward with a success that was universally acclaimed.

After the war was over and he had resigned and written his polemic against the Peace Treaty, he was for a time in bad odour among grave persons. But his point of view gained ground quickly, and it began to be said that, after all, he was in the right. This gave rise to an uneasy attitude towards him. Accordingly a dictum was coined, which was passed from mouth to mouth at the Club and the dinner-table and became the correct thing to say about him in a wide circle of people, who had no real knowledge of the matter. It became in fact a cliché. "Keynes is, of course, a most brilliant man, and the right way to treat him is to pick his brains; then he can be most useful: but you must never put him in a responsible position, because he will let his

enthusiasm carry him off the rails." As is so often the case with sayings that become fashionable, this was the exact opposite of the truth. It was the symptom of an unresolved conflict in the minds of those who wished to give it currency. One had to condemn him for writing the book and yet applaud what was in it.

To pick his brains was by no means an easy matter, and the attempt to do so could easily lead to unfortunate consequences. On a great occasion, when he knew that he had to make his case and persuade his audience, he had an inexhaustible reserve of fluency, of apt illustration and varied argument, that placed him in the highest rank of advocates. But in the ordinary course of discussion he often attributed to his interlocutors his own quick powers of apprehension. If he put an argument in a form that was cogent and decisive, he thought no more need be said, he assumed that the point had been taken, he did not think it necessary to restate it in a number of different forms, embroider it, give it illustrations, restate it in a way that would appeal to prejudice. He used economy of utterance. If a statement was cogent in itself, it did not need further dressing. The best years of his own life had been given to the study of logic, and this was the consequence. Thus those pundits who talked with satisfaction of picking his brains were often quite incapable of doing so. They appreciated that what he was saying was clever, but often missed the essential logical link, and, when they came away from their dinner congratulating themselves on their evening — "Keynes is a most interesting fellow" — they may have altogether failed to learn the lesson he desired to impart. Even in his elaborate writings he suffered much from misunderstanding.

But when he was in a position of responsibility himself, he had a superb capacity for picking the brains of others. When in the presence of one who knew his subject, he was completely modest. He sat watching with his steady, searching eyes, tentacles seemed to go out in quest of any weak spot, any falsity in his interlocutor, any axe he had to grind. He absorbed all good information readily, welcoming it from the humblest source, and knew how to reject the shoddy. In the quest for truth he was essentially judicial. There was none of the self-importance, of the reluctance to discard a view that has become associated with one's ego, of the terror of renouncing what one has committed oneself to in public, which are the besetting sins of great persons.

It was only in the case of theorists, whose logic he felt well

able to judge for himself, or of pompous people, or of the self-opinionated, to whom we must in truth add the long-winded, that he became impatient and snapped them off with a sudden rudeness. Did not these rare qualities fit him for responsible positions and final decisions?

In the one great administrative position he held during his life there was no question of his being carried away by enthusiasm or of going off the rails. Clever as his diagnosis was, its value was greatly enhanced if he was in a position to put it into effect himself.

There is another piece of interesting evidence on this point. In the case of his financial activities, which developed when the war was over, whenever he was the sole autocrat, as in the case of his private investments and in that of the finances of King's College — where the Estates Committee gave him a fairly free hand — he achieved spectacular, almost magical, success. But when, as in certain companies, he had to carry partners or co-directors with him, results were sometimes unsatisfactory or doubtful.

It is to be feared that the English have some mistrust of clever people. By a happy chain of accidents this clever one was placed where he could render vital service in the first war. Some credit for his promotion must be given to the high traditions and intellectual eminence of the British Treasury at that time.

2

For Britain the First World War was in some ways grimmer than the Second. There was not the danger from continuous air-raids, there did not seem to be so great a risk of defeat, and Kaiser Wilhelm was not such a black fiend as Adolf Hitler; there was not, at least until the last eighteen months, the same austerity of living; but there were more widows and mothers that lacked sons. Perils could be borne with courage; the long casualty lists were facts, and the burden of sorrow was heavy.

None the less, life had to proceed day by day, and its character was determined then, as always, by what was physically possible. In this case it was possible to maintain many of the social amenities and amusements of peace-time. The black-out was sketchy, theatres were open till late, and provisions remained in fair supply. Moreover, the fact that the static front-line was so deadly and so

near at hand made the constant return of troops on leave more charged with emotion and a more prominent feature in daily life. The home country had to maintain good cheer on their account; they must be greeted with gaiety and dancing. The hideous word "goodby-ee" was invented to mask the tragedy implicit in the simple "good-bye".

There were other reasons also why Keynes, despite his heavy load of work at the Treasury, despite the exhaustion which sometimes kept him for a day in bed and despite his keen sense of the horror and tragedy of it all, found social life beginning to flow in new streams. He was now continuously in London for the first time since his brief sojourn at the India Office. Bloomsbury was tending to break up under the pressure of events, there are purists who say that when the friends resumed the life of peace after 1918, Bloomsbury, despite its greater renown in this later period, never regained its pristine *clan*. Meanwhile in 1915 there were new faces, new young ladies, younger young ladies. There was Faith Bagenal, an ex-student of Newnham, who was soon to marry Hubert Henderson, the economist. She shared rooms with Barbara Hiles, a Slade student, who was a little later to marry Faith's brother. There were Carrington and Brett, Barbara's fellow-students at the Slade. Another friend was Alex Sargent-Florence, who was in due course to marry James Strachey and share in his psychological activities. These entered into the stream of Keynes' life. Barbara was his favourite.

At the beginning of the war the establishment at Brunswick Square was broken up and Keynes moved to 10 Great Ormond Street, and then to Gower Street, which he shared with Sheppard and, at first, with Gerald Snow. Sheppard had come up to London to serve at the War Office. Carrington and Brett were for a time lodgers, and, further aloft, Middleton Murry and Katharine Mansfield. Large supper parties were organised here. The very young flowed in and met the no longer quite so young. There was an atmosphere of excitement and exhilaration. There were feasting and dancing and brilliant conversation and the faint whiff of great events due to the presence of one who was known to be at the centre of the war effort. Barbara Hiles on her side organised parties in her studio at Hampstead, and Keynes gave little dinner-parties at the Café Royal.

The young women were struck by his extraordinary kindness

and attentiveness; his brimming gaiety and optimism seemed magical in that grey world. There was that special characteristic of his, the gift of immersing himself completely in whatever happened to be engaging his attention at the moment, and if his attention was engaged upon making life more pleasant for these young people, how delightful for them! When he talked of their painting and their gossip, these became the things that mattered most in the world, and the war utterly unreal. It was delightful for him too; he was enjoying his new world.

The pattern of Keynes' life is clear. As an undergraduate his youthful friendships had been of supreme significance. It is natural, and indeed right, that a young don in his first years, if his studies do not exhaust all his energies, should look upon the undergraduates of the next generation as potential accessions to his circle of intimates. The gulf of years is not too great. We have seen how this happened. Norton, James Strachey, Frankie Birrell, and, in London, Duncan Grant, and later Bunny Garnett, became no less important than Lytton Strachey and Woolf. As the years proceeded the gulf widened, although the interest and the quest were maintained, and we hear of undergraduates "whom I did not know very well, but was fond of". Then there was his London life. But it was broken. He was there for two or three days, then gone. He entered into all the doings and projects and gossip of Bloomsbury, but he was not resident. He spent much of the vacations travelling abroad. But now he was permanently resident in London, and his thoughts and feelings began to take a new turn. There was an element of romance. But he was not to meet his destiny for some years more.

There was another new strand in his social life. When Asquith formed the first coalition government in the spring of 1915, Reginald McKenna took Lloyd George's place as Chancellor of the Exchequer and thereby as Keynes' chief. McKenna was a man of considerable intelligence, and his good grasp of finance was manifested, not only in his work as Chancellor, but also in his subsequent speeches to the Midland Bank, which have an important place in the literature of the period and influenced thought on monetary policy. Keynes soon came to be on intimate terms with his chief. The McKennas were close friends of the Asquiths, with whom Keynes also had contact through Lady Ottoline Morrell. Her house at Garsington was not far from the country home of the Asquiths, The Wharf, Sutton Courtney.

Before long we find Keynes frequently staying for week-ends with the McKennas or the Asquiths, and he appears to have been adopted by them quickly as an intimate. This was another kind of intellectual circle, and it was a brilliant one. There was Asquith, a scholar as well as a statesman, with his fine level judgment, and there was his wife, Margot, with her quickly flowing stream of witty and whimsical talk. Keynes would certainly meet his match in the lightning speed of her rapier-like *repostes*. Her fancies were often wild and wayward, but she was in a tradition of fine culture and had been a member of that earlier circle, the Souls, who were prominent in London in the 1890's. But she was not merely the relic of a bygone age. The Asquiths maintained a lively interest in the most modern literature and thought. Asquith's commendation of Strachey's *Eminent Victorians* in his Romanes Lectures (1918) contributed to its acceptance as a work of major importance among educated people far outside the influence of Bloomsbury. No longer was it necessary for Keynes to regard all politicians as people who talked in private life as though they were on a platform.

J. M. Keynes to Mrs. Keynes, 26th March 1916

I have been leading such a giddy life lately that there has been no time to write letters, — only two evenings in the last fortnight when I haven't dined out

This week-end I am staying with Lady Jekyll, the other guests being Mr. and Mrs. McKenna, and Mr. and Mrs. Runciman. Unfortunately McKenna has been taken rather badly with influenza and has retired to bed. Last weekend I went to Ottoline's at Garsington. Sir John Simon came to tea on Sunday . . . I've dined twice at Downing Str in the last fortnight, at a large dinner party of twenty on Friday and at a small one in the following week. Lord and Lady Waldstein asked me to dinner to meet the American Ambassador. I dined with Violet Asquith and her new husband in her new house, her first party in honour of Margot; I have delivered my evening lecture at the Admiralty;¹ and I have testified before the wicked leering faces of the Hampstead Tribunal to the genuineness of James's conscientious objections. Oh, and I have brought out the *March E.*² and entertained a Swedish Professor.³ So this will be a

¹ An explanation of the financial situation to the Board of Admiralty at Balfour's request.

² *Economic Journal*

³ Knut Wicksell

sufficient catalogue, on the top of my work officially so called, to justify poor letter writing.

I thought the interview with yourself, which you sent me, very well done. Who wrote it?

I see that God has been striking dead several members of the Cambridge Tribunal. . . . I hope public opinion is keeping them reasonably just. Lytton has got off altogether on grounds of health and James got "non-combatant". Duncan's case hasn't come on yet.

J. M. Keynes to Mrs. Keynes, 27th May 1916

Walter¹ tapped me over, thinks there may perhaps be a slight adhesion to the scar and gave me a tonic.

This has been a most glorious and beautiful week-end, and also a very interesting one. Into a nest of rebels, Philip Snowden, Massingham, Bertie Russell, Lytton Strachey, the Morrells, two young ladies from the Slade and me, who are the house party, enter this afternoon the Prime Minister, Sir Matthew Nathan, Lady Robert Cecil and Lady Meux, - a queer mix-up.

J. M. Keynes to Mrs. Keynes, 17th November 1916

. . . Last Sunday evening a very bad feverish cold came on, which kept me in bed all Monday. The fever persisted all Monday night, but abated on Tuesday morning, so that I went to the office. Until to-day, however, I felt wretched and not able to work nearly fast enough to keep level with my papers. Short of not going to the office, I've taken great care of myself, sailing everywhere in taxis and taking to my bed when not at the office, with the result that to-day strength has re-entered my limbs.

The party was a great success, and we sat down thirty to supper without being overcrowded. I hope all looked cheerful when your ghost peeped in.

I shall not be at Cambridge this week-end as I am staying with Margot (Oxfordshire).

J. M. Keynes to Mrs. Keynes, 18th January 1917

Last week I stayed with the McKennas and the week before that with the Asquiths, — so I have been seeing my old friends again. . . .

¹ His uncle, Sir Walter Langdon-Brown, late Regius Professor of Physic at Cambridge.

In January 1916 Asquith's Government introduced compulsory military service, with a conscience clause. It has to be recorded that many of Keynes' most intimate friends of the Bloomsbury circle were Conscientious Objectors. Their position was a difficult one. They did not belong to any religious sect with an injunction against taking life; it is not even clear that they had an objection to taking life in any circumstances. Their individual views differed from one another, but some rough outline may be attempted.

It will be remembered that they were people of serious purpose, who had set before themselves certain standards of behaviour. Precisely because they lacked any definite religious creed, they adhered with a certain intensity to their own notions; the philosophy which each had formed for himself called forth those urges which in other cases find vent in religious observance. Thus they felt themselves unable to fall into line with public opinion, as does the man in the street, when an emergency occurs. Fighting was no part of their creed. They had not taken much interest in domestic politics, still less in the grimmer aspects of foreign affairs. Their values were such as to make them distrust any government. It may be said that the war took them by surprise. England had been at peace for a hundred years, save for minor wars, which they would have condemned as manifestations of imperialism. War was a recrudescence of barbarism, which should surely be stopped at once. The affairs of countries were conducted by men in whose aims they were not interested, and for whom they had contempt. They were prepared to obey the law within limits and comport themselves as well-conducted citizens, but they were not prepared to be "butchers".

Lytton Strachey, carrying the matter further, is remembered to have said on more than one occasion: "What difference would it make if the Germans *were* here?" This did not imply that he did not prefer the British political system to the German. But, it could be argued, the difference between the two régimes was not sufficient to justify such fearful carnage, leading on to hatred and revenge and bitter grievances and a desire for further revenge, and so from tragedy to tragedy, the tale of which has not yet been told. Of course, it may be said that this judgment was superficial, for lack of the time dimension, that more regard should have been paid to history. It was not only a question of the British system as it was then and of the German system as it

was then, but of their roots and probable development in the future. Had Strachey been alive twenty-three years later, it would not have sounded so plausible had he asked, "What difference would it make if Hitler *were* here?" It should be added that some members of Bloomsbury who were still living at the time of the Second World War took a different attitude about it.

It may be right to go behind Strachey's *ad hoc* judgment and ask whether there was not a radical weakness in the philosophy of these friends that may be traced to G. E. Moore's teaching. We have seen how sadly his book was lacking in any adequate theory of moral obligation. His ideals, so persuasively set forth, floated in a void. One had to seek those ideals, but little attention was given to the more immediate principles which have to govern action in this troubled and irrational world. Other philosophers had laboured with these more proximate problems. Moore hardly appeared even to have considered that problem which obsessed Hobbes, namely, the inevitability of uncertainty and violence unless men subject themselves to social obligation which, from their own immediate point of view, may seem quite irrational. This problem has claimed the attention of moral philosophers ever since. In Moore there was little trace of thought about it. His personal authority, his great array of arguments, his finely wrought logic and his challenge to the philosophic notabilities of the past concealed from his disciples this great gap in his armoury. It is still for the future to decide whether it was right to be a Conscientious Objector in the First World War, but it is clear that under Moore's guidance one might easily go wrong. The sincerity and courage of this group are not in question.

Keynes himself did not share their view. But it inevitably had an important influence on him. These were people whose opinions he valued and to whom he was attached by strong ties of affection. It pained him to be in imperfect agreement with them. They pressed him in argument, and, to meet their case, he made two gestures of appeasement. Of these, the first was a trivial one, which need not be taken very seriously. He announced for their benefit that, although he was not a Conscientious Objector, he would conscientiously object to compulsory service. Accordingly, when he received his calling-up notice, he replied on Treasury writing-paper that he was too busy to attend the summons. This appears to have quelled the authorities, for he was troubled by them no more. On the other hand, he did not

carry this policy through to its final conclusion, for a year or two later the Treasury discovered a gap in its records. In the file there was no notice of exemption against his name. And so, to placate the Treasury Establishment Officer, he walked quietly round and went through the formalities of obtaining exemption.

His second method for meeting the views of his friends was a far more serious matter. "We are in it now," he argued, "and we must go through with it; there is really no practicable alternative." He could have shown that convincingly enough. "But what we must do is to see that, when it is all over, we establish world affairs on a new and better basis, so that this shall not happen again. May no other generation live under the cloud we live under." This was more than a gesture; it was a solemn pledge. How could he be sure that any such attempt would be made? Well, he was on intimate terms with the Prime Minister, Mr. Asquith, on whose worthy motives and sage statesmanship he could implicitly rely. And was not Sir Edward Grey, the Foreign Secretary, a most high-minded man? He knew that in the minds of these Liberal leaders and in that of Lord Robert Cecil were germinating ideas which led eventually to the concept of the League of Nations, of which President Woodrow Wilson's admirers have no right to claim that he was the sole inventor. All this was in 1916. Keynes was deeply immersed in war-winning activities, but he was now solemnly pledged to do all that in him lay to secure a durable peace and a new pattern of international relations. And, while his condemnation in 1919 of the Treaty of Versailles was warranted by the plain logic of the facts, this implicit pledge contributed to his physical prostration when his hopes had been dashed in Paris, and to the passion and venom with which he penned his subsequent book.

Meanwhile he exerted himself to befriend those friends who were in trouble. His mother wondered whether he was not too lenient to them.

Mrs. Keynes to J. M. Keynes, 29th March 1916

. . . I am very glad that Lytton's physical disabilities stood him in good stead for once in compensation for past trials — and I am glad that James is allowed non-combatant service. But what about his conscience? No doubt he could conscientiously say that he hated the whole business; most of us do. It seems to me that many

of the people who have no conscience are now suffering so badly that I begin to doubt whether in the general torture that is going on conscience ought to put in a special claim for consideration. Don't you think it is being a little coddled? Once the voluntary principle has gone, I really don't see where one can honestly and reasonably draw the line. . . .

Is there any chance of your coming on Sunday week? You will see from the above that I really need a talk with you to bring me round to a proper attitude towards Conscientious Objectors. So you must not neglect me too long. Anyhow I should dearly love to see you.

Keynes knew that the objectors were sincere. He appeared on several occasions at the tribunals, and on days when his friends had been up he gave little dinner-parties at the Café Royal to restore shattered nerves.

At about this time he had a very lucky escape. Our financial relations with Russia were becoming involved, and it was thought that the Treasury should proceed to the scene of action. It was arranged that Keynes should go on the ship that carried Kitchener and was sunk. But at the last minute it seemed that he could not be spared from his heavy duties in London.

Mrs. Keynes to J. M. Keynes, 6th June 1916

It was a horrible shock to hear of the Hampshire disaster and to know that you missed it by so little! I could hardly breathe when I realised it first. . . . And it was your birthday. Oh how thankful we are that you were celebrating it by making presents to those picturesque deputations.

Later in the year Gower Street was given up and Keynes moved into that 46 Gordon Square which had been taken by the Stephen family twelve years before. Clive and Vanessa Bell and Duncan Grant retained some accommodation in it, but were mainly absent during the war; Keynes brought Sheppard and Harry Norton to share it with him. This remained his London residence for the rest of his life.

Another domestic change occurred at this time, the acquisition of a house, Charleston, near Lewes in Sussex. It nestles under the northern slope of the South Downs in a rich, unspoiled country, with fine trees, pretty old villages and abundant agriculture. It was easily accessible for Londoners, being a few miles from Lewes,

which was reached by the express from London in an hour. The Woolfs had already established themselves in the neighbourhood at a house called Asheham. Mr. Leonard Woolf recalls how, when Keynes stayed with him at this time, the express train was sometimes stopped at Rodinell-Southease Halt to enable him to mount it. The primary purpose of Charleston was to provide a country home where Duncan Grant and David Garnett (who had done Friends' Ambulance work in France, along with Frankie Birrell, in the earlier part of the war) could discharge their obligations under the National Service Act by doing agricultural labour. This became Keynes' principal place of refuge in the country, both during the war and for some years afterwards, until, on his marriage, he found a house for himself (Tilton) a few hundred yards away. The Bells also took up residence at Charleston.

J. M. Keynes to Mrs. Keynes, 29th October 1916

I took the opportunity to come down to Duncan's new country house. It's a most lovely place, a farmhouse of very considerable size with a walled garden and a large pond on the edge of the downs which rise straight up to Idle Beacon. However the weather has been so abominable and the country so waterlogged, that I have scarcely taken the neighbourhood in yet. We're only a few miles from Lewes and from Asheham where I have stayed many times.

Last night Mrs. Garnett was here. She told me that she last saw father when he was about my age. He had very blue eyes and was always smiling. You were "serene". When you became engaged people said that it was a great waste for two to marry who both had such perfectly good tempers. "when they might have made two homes happy".

J. M. Keynes to Mrs. Keynes, 6th May 1917

Last week I took Saturday off and spent a long week-end at Duncan's farm in Sussex, enjoying the weather immensely and even digging potatoes with a view to the improvement of my figure. This week I have stayed quietly here, giving a luncheon party to-day to Massingham, Dickinson and Sheppard.

Work has not been overwhelmingly heavy and the negotiations with the U.S., which occupy a good deal of my time, are going

extremely well. If all happens as we wish, the Yanks ought to relieve me of some of the most troublesome of my work for the future. Relations with Russia on the other hand are not what they should be. That's a piece of diplomacy over which we have blundered hopelessly, with our ridiculous tears for the Tsar and the rest of it.

Another move may be mentioned. In the later part of 1917 a scheme was hatched for taking a house in the country, called Tidmarsh, near Pangbourne, to be a haven for war-weary workers at week-ends. At the root of the project was the somewhat forlorn condition of Lytton Strachey, who was of precarious health and still very hard up. It was felt that he should have a comfortable place for continuous work. Carrington and Barbara Hiles threw themselves into this plan and undertook to look after the domestic side; they made Keynes promise to watch the finances. Lytton Strachey, Oliver Strachey, Harry Norton, Saxon Sydney-Turner and Keynes each put up £20 a year. This was in effect a subsidy to Lytton, since he was expected to be there all the time, while the others would go for occasional week-ends. Carrington remained in residence to run the house, and this was the beginning of her association with Lytton Strachey, which was not broken by her marriage. She moved with him later to Hamspray, a house near Hungerford in Wiltshire, and they remained together till their death.¹

Lady Ottoline Morrell's house at Garsington was also a great haven during the war, and some Conscientious Objectors resided there for a period.

At the end of 1916 Lloyd George took Asquith's place as Prime Minister. This is not the place to discuss the manœuvres by which that change was brought about. Keynes' work at the Treasury was not adversely affected by it; indeed it was shortly after this that "A" Division was given a form which lasted till the end of the war.² But in a more general sense the change was a set-back, since Keynes had established a close intellectual understanding with Asquith. His mind was not of a temper to be impressed by Lloyd George's wizard powers, which he recognised, and he felt the lack of Asquith's steady intellectual quality. Moreover, for one whose feelings, although not his thoughts, were centred on what was to come afterwards, the change was likely to arouse misgivings. He was always critical of the

¹ *Vide supra*, p. 189.

² *Vide supra*, p. 203.

powers-that-be, but in the succeeding period his criticisms became more acid.

Not much importance need be attached to the following misadventure.

J. M. Keynes to Mrs. Keynes, 11th February 1917

I was approved and included in the final list to get a C.B. this honours list. But when Lloyd George saw it he took his pen and struck my name out, — an unheard of proceeding. Purely revenge for the McKenna War Council Memoranda against him, of which he knows I was the author. Chalmers is very angry and has been very nice about it. I can't say that I care appreciably. But you won't see my name in to-morrow's list. However (partly I suspect to cancel the above) I have got a much more solid advantage in these last few days, having been properly constituted head of a new Dept., with a staff behind me, to deal with all questions of External Finance. It will be an enormous advantage to have a staff of my own, whom I can organise according to my own ideas. I have been given some very good men and I hope before long to devolve a great deal of work, which is now entirely in my own hands, and to get much freer. I was told that I could have more pay if I asked for it. But I didn't.

The C.B. came along in the Birthday Honours List in the following summer.

The Department referred to in this letter was the famous "A" Division, which held together for the rest of the war. Some of its members remained Keynes' close associates in his subsequent business interests. Of the Civil Service proper there were Mr. (Sir Andrew) MacFadyean and Mr. (Sir Frank) Nixon. MacFadyean was later seconded to the Reparations Commission in Berlin, and, still later, has played a prominent part in the Liberal Party. Nixon went to the League of Nations for a time and, after important international experience, became head of the Credits Guarantee Department. Mr. Dudley Ward, who had a common interest in having been a great friend of Rupert Brooke, was a pillar of strength and is referred to by Keynes in his "Melchior" as his chief of staff at the Paris Peace Conference. Mr. (later Sir Geoffrey) Fry was of the party and is named in "Melchior" as "my private secretary". A very able member was Mr. Rupert Trouton, aged eighteen, who asked to be trans-

ferred from another department at the sacrifice of his salary. He was young enough to become Keynes' pupil in Economics in Cambridge when the war was over. They were closely associated thereafter by common business interests.

In the course of 1917 there was a notable accession in the person of Mr. O. T. Falk, who was destined to have a considerable influence on Keynes' career. Keynes was struck by the ability of a speech made by Falk on a question of war finance and invited him to join the Division. Falk also worked with Keynes at the Paris Peace Conference. He was a man of wide culture and considerable intelligence and he had a flair for financial questions. He was interested in the theory of currency and exchange. Keynes used to call him one of "Nature's economists", hinting that they were often better economists than those more learned in the lore of the subject. Falk was a collector of modern pictures, and this in future years was to be one of their many links. He was a friend of the Asquith family, so that there was also a social link.

In 1917 Falk began giving little dinner-parties for those who were interested in the problems of currency and finance. Inflation was proceeding at home (this was not Keynes' department!) and abroad; these problems were to outlast the war. This was the dawn of a new age of currency derangement and, according to pious hope, of new forms of currency management. The old economic text-books did not give an adequate account of these matters. There was room for fresh thinking and analysis.

These dinners soon crystallised into "The Tuesday Club", which was probably the most influential of such gatherings of practical economists in the 'twenties, and still exists. Its first meeting was on the 19th July 1917. The Club dined monthly at the Café Royal, and after dinner a member raised a question for discussion. Guests were allowed, and an invitation was deemed a mark of distinction. There was an atmosphere of intellectual ferment. The Club felt that it was formulating new ideas to fit a changing world, and that its discussions might have an influence on events. Keynes read a number of papers in the years after the war. He regarded it as a fitting place in which to ventilate his latest views. It is interesting to notice that when he read on devaluation, on 10th November 1921, there were thirty persons present, as against an average of nineteen at the meetings during that half-year. Falk has expressed the opinion that whenever Keynes was there he easily dominated the Club.

J. M. Keynes to Mrs. Keynes, 30th March 1917

I was immensely cheered and excited by the Russian news. It's the sole result of the war so far worth having. But they're not through their troubles yet. An acute and even struggle is now going on between the Socialists and the Milyukoff constitutionalists. I see not the remotest chance, however, of any pro-Lsar counter-revolution.

What sort of a wedding-present would G. like from me?

His brother Geoffrey had become engaged to Margaret Darwin, granddaughter of the great Charles, for whom Keynes had expressed such enthusiasm in his youth. Through him the Keynes line has been carried on. There have been four sons, one a Fellow of Trinity, Cambridge, another making strong progress in the medical profession. The former married the daughter of the renowned physiologist, Professor Adrian, O.M., Nobel Prize man. A son (Geoffrey's grandson) was born on 21st April 1946, the day of Maynard's death, and christened Maynard. He now has a younger brother. In their veins runs the blood of Darwin, Adrian, Keynes and of David Hume's brother.

Maynard also had two nephews and two nieces through his sister Margaret, whose husband, A. V. Hill, was also a physiologist and Nobel Prize man. Of these, David was, in due course, elected to a Fellowship at Trinity, Cambridge, and Maurice to a Fellowship of King's.

Keynes' work involved various trips to Paris, but in the autumn of 1917 he had to go further afield — to the United States. He accompanied Lord Reading on a mission to settle outstanding financial questions.

J. M. Keynes to Mrs. Keynes, 17th September 1917

The weather is mild and just warm enough to sit without coat or rug. I have seldom done so little, — conferences with Lord Reading for about two hours a day on the problems awaiting us on the other side being my whole work. My first three nights on board I slept for 12 hours, 10 hours and 11 hours and dozed a good deal during the day as well. Seasickness, by the way, by drawing the blood from the head promotes sleep in the most extraordinary way. [Is this correct? Its dogmatism is very characteristic.] The only member of Reading's immediate entourage besides myself is Colonel Swinton, an Assistant Secretary of the War Cabinet, who

during the first year of the war was "Eye-Witness" at the front. I did not know him before; but he turns out a most attractive companion and very kind to me.

Please tell father that as a fruit of the early education received at his hands I have won £20 at piquet off a Polish Count, although we have played but little and not for very high points. As I hadn't played the game for years and as he plays it every day at one of the most expensive gaming clubs in London, this is very creditable, I think.

On his arrival at New York he found his old friend Blackett, who was acting as secretary to the Financial Secretary of the Treasury, then stationed on the other side. "Keynes much excited with his first view of the U.S.A." ¹

A loan of \$50,000,000 for what is now known as an "off-shore" purchase of Canadian wheat was the first business to be transacted. More fundamental questions concerning inter-allied finance had to be discussed. Keynes got through his work with his usual rapidity and was on his way home a fortnight later, leaving Reading behind.

Writing to his mother from America, he said, "I live in a small but comfortable private house with Lord and Lady Reading, both of whom I like immensely". This statement should be set against what he says of Lord Reading in "Melchior",² which was written when his feelings were at their most bitter.

J. M. Keynes to Mrs. Keynes, 15th October 1917

Before you get this letter you will have had my telegram to say that I am safely back. . . . We are travelling one of a convoy with an escort, — it is a very beautiful sight, seven great liners, with a total population I suppose approaching 20,000, steaming in formation with a cruiser at their head and two destroyers on their flanks. To-day we are in the extreme danger zone, and as it is a horribly clear afternoon we are looking out rather anxiously for the additional escort of destroyers and perhaps hydroplanes which was to have joined us last night but has not yet turned up. . . . Lockhart's *Life of Scott* has been my chief solace; but that's now finished and I'm very much enjoying Dr. Thorne. . . . As I am carrying despatches and have the best cabin on board, I sit at meals next the Captain of the ship along with the American colonels. These are innocent middle-aged gentlemen from the Mexican border with whom I get

¹ Basil Blackett's Diary.

² See *Two Memoirs*.

on very well and spend unnumbered hours playing poker — at moderate expense to my pocket.

J. M. Keynes to Mrs. Keynes, 6th December 1917

I got safely back on Wednesday [from Paris this time], after nearly a week's absence, travelling very comfortably by special trains and destroyer, by which latter 18 miles of the Channel was crossed in half an hour. I enjoyed Paris very much, but it was rather hard work with perpetual conferences and entertainments and by no means the amount of sleep I am accustomed to. On the last day I actually reached the point of talking French!

At the final Plenary Conference of the Dixhuit Pays Inter-Alliées I sat with Mr. Balfour, Lord Reading and Lord Northcliffe (sitting between the two latter) representing the British Government!

J. M. Keynes to Mrs. Keynes, 15th December 1917

I had thought of coming home this week-end, but I have had too much work to do and couldn't get away. It has been rather a bad week with endless hours absolutely wasted in a newly established monkey house called the Inter-Ally Council for War Purchases and for Finance. I should imagine the only possible analogy to Government by Inter-Ally Council is Government by Bolsheviks, though judging by results the latter are far the more efficient. I can't believe these things happen at Potsdam. . . .

Next week-end I shall probably have to go to France again which is a great nuisance; the week-end after that to the McKennas; and the week-end after that to the Asquiths. For Christmas I hope to go to Charleston if, as I fully anticipate, I get back from France. But you may not unlikely see me on Jan. 12 or Jan. 19.

I was very glad to see Vivian's¹ name on the new Air Inventions Committee.

But despite these various excitements, there were black moments. During the last eighteen months losses had been gigantic. It was still obscure how it would all end.

J. M. Keynes to Mrs. Keynes, 24th December 1917

My Christmas thoughts are that a further prolongation of the war, with the turn things have now taken, probably means the disappearance of the social order we have known hitherto. With some regrets I think I am on the whole not sorry. The abolition of the

¹ A. V. Hill.

rich will be rather a comfort and serve them right anyhow. What frightens me more is the prospect of *general* impoverishment. In another year's time we shall have forfeited the claim we had staked out in the New World and in exchange this country will be mortgaged to America.

Well, the only course open to me is to be buoyantly bolshevik; and as I lie in bed in the morning I reflect with a good deal of satisfaction that, because our rulers are as incompetent as they are mad and wicked, one particular era of a particular kind of civilisation is very nearly over.

I wonder how long your Cambridge queues are. If we put prices low enough and wages high enough, we could achieve the most magnificent queues even in peace time. There never has been anything like enough caviare to go round. How soon do you expect piano queues? Length of queue = $\frac{\text{wages}}{\text{prices} \times \text{supplies}}$. If w constantly increases while p and s diminish, q tends towards infinity.

J. M. Keynes to Mrs. Keynes, 10th February 1918

Meanwhile I am terrified at the prospects of meat rationing and feel that I shall require frequent trips abroad to get a square meal. The proposed rules seem to me appalling—calculated to dry up the food supply on the one side and starve me on the other. Besides they will drive the population on to cereals which is at bottom a far more serious problem than the meat problem which latter by no means deserves to be treated so tragically.

It is interesting to observe that meat rationing was only introduced after three and a half years of war.

J. M. Keynes to Mrs. Keynes, 22nd February 1918

. . . To-morrow I go down to the Asquiths for the week-end.

Oh! you'll be amused to hear that I was offered a Russian decoration yesterday, a belated one just arrived from the Provisional Government. Being a Bolshevik, however, I thought it more proper to refuse. . . .

The course of politics at the beginning of the week was deeply shocking. Bonar could have become prime minister if he had liked, but funk'd it; and as no one else seemed inclined to take the job, the government struggled through, emerging however without many tail-feathers left.

J. M. Keynes to Mrs. Keynes, 3rd March 1918

. . . I have followed my refusal of a Russian order by refusing this week a Belgian one. I consulted Chalmers about it and he thinks this the right course. If people come to you with a decoration in one hand and a request for a million pounds in the other, the position is a little delicate; and in the peculiar position in which I stand to the Allied gentlemen I must I think maintain perfect independence of them. Besides the whole thing is rather humbug.

I was very glad indeed to see that Vivian had been nominated F.R.S.

The distresses of war and politics were relieved at this time by a ray of sunlight. An auction was to be held in Paris of Degas's private collection, including some of his own work. Duncan Grant suggested that the National Gallery should be a buyer. Keynes took up the point with the Chancellor of the Exchequer. Our loans to France were running up and we did not know when we were likely to see them back. Why not help the French balance of payments by buying some of these pictures? Bonar Law was converted and Keynes was given £20,000 to take to Paris on one of his excursions on Treasury business. "Bonar Law was very much amused at my wanting to buy pictures and eventually let me have my way as a sort of joke."¹ Keynes was accompanied by Charles Holmes, the Director of the National Gallery.² Big Bertha was shelling Paris during the auction, and this is said to have depressed prices. Keynes also made some purchases on his own account, including Cézanne's "Apples" and a drawing by Ingres. This event was really the beginning of his career as a collector of modern paintings.

¹ Letter to Mrs. Keynes, 23rd March 1918.

² The picture purchased for the National Gallery were:

Corot	Claudian Aqueduct
Delacroix	Baron de Schwiter
..	Abel Widner
Forain	The Tribunal
..	Flower Piece
Ingres	Oedipus
..	M. de Norvine
..	Roger and Angelica
..	Pindar offering his lyre to Homer
Manet	Execution of Maximilian
..	Lady with a cat
Rousseau	Vallée de S. Vincent
Ricard	Bust portrait of a Man.

Also 8 Delacroix, 2 Ingres and 1 J.-L. David drawings.

Duncan Grant to J. M. Keynes (telegram), 23rd March 1918

Do buy Ingres Portrait of Self, Cezanne, Corot, even at cost of losing others

Vanessa Bell to J. M. Keynes

We are fearfully excited by your telegram and are longing to know more. This is a line to say do consult Roger¹ before you go, as he'll know who to get hold of in Paris. Duncan says he as professional as possible in the buying and get at the right people — otherwise some German or Scandinavian will trick you. We have great hopes of you and consider that your existence at the Treasury is at last justified.

I think a first off our pig will be one of your rewards

David Garnett to J. M. Keynes

Nessa and Duncan are very proud of you and eager to know how you did it. You have been given complete absolution and future crimes also forgiven.

But gloom descended again

J. M. Keynes to Mrs. Keynes, 14th April 1918

The Wharf, Sutton Courtney

Politics and War are just as depressing, or even more so, than they seem to be. If this Government were to beat the Germans, I should lose all faith for the future in the efficacy of intellectual processes — but there doesn't seem much risk of it. Everything is always decided for some reason other than the real merits of the case, in the sphere with which I have contact. And I have no doubt that it is just the same with everything else.

Still and even more confidently I attribute all our misfortunes to George. In the meantime old Asquith who I believe might yet save us is more and more of a student and lover of slack country life and less and less inclined for the turmoil. Here he is, extremely well in health and full of wisdom and fit for anything in the world — except controversy. He finds, therefore, in patriotism an easy excuse for his natural disinclination to attack the Government. People say that the politician would attack, but the patriot refrain. I believe the opposite is true. The patriot would attack but the politician (and the sluggish) refrain.

¹ Roger Fry

J. M. Keynes to Mrs. Keynes, 10th May 1918

The result of yesterday's debate was very disappointing. For a moment I entertained the hope that the Goat had been caught at last, but not he! However it means, I think, that the liberals have now gone definitely into opposition which is a great deal gained.

British letters owe a debt of gratitude to Sir Edward Marsh. He was zealous in his quest for young men of talent, and by his encouragement of poets did much to help them in the early years of the century. He was quick to appreciate Rupert Brooke. Deeply moved by his death, he wrote a Memoir. He portrayed Brooke as the type of poet and idealist who had given his life, and, partly through this memoir, Brooke came to symbolise for the whole nation the heroism and tragedy of the war. In this process something of the literal truth was lost. Brooke's friends felt that Marsh had given a sentimentalised version, which failed to convey the peculiar individuality of his hero. Keynes wrote to this effect to his mother: "Most of the most intimate of Rupert's early friends are not so much as mentioned. Geoffrey¹ and the Oliviers, for example, not at all; James Strachey and Ka once each and casually. Whereas a week-end with George Wyndham figures."

J. M. Keynes to Mrs Keynes, 21st September 1918

. . . Duncan is with me having come up for his annual holiday. My drawing room is to be refurbished and decorated and is going to be, when finished, the flashiest room in London.

Work goes on now in a steady routine. I am again increasing my staff which will now number seventeen, and I hope soon to be in my new consolidated quarters. My most amusing job just lately has been to invent a new currency for Russia. Dudley Ward and I have been spending a great deal of time on the details, as we have had to design the notes, get them printed, choose the personnel, answer conundrums and do the whole thing from top to toe. We hope to have the plan launched on the world in two or three weeks' time.

There's a certain amount of talk been going on behind the scenes about the Provostship. I still think W. D.² most likely to be elected, but Raleigh may possibly be asked to stand. I have been

¹ Maynard's brother and Brooke's literary executor; editor of Brooke's *Poetical Works* (Faber, 1946), and *Democracy and the Arts* (Rupert Hart-Davis, 1947); also of *Letters* now in preparation.

² Mr. Walter Durnford, who was elected.

flattered by several people (including Macaulay) saying that I would be their first choice. But of course this is out of the question, — in fact no one really thinks otherwise.

In the autumn of 1918, jaded, war-weary London had a most delightful interlude. The Diaghilev Ballet returned for the first time since before the war and had a season at the Coliseum. Bloomsbury and, indeed, all artistic and literary London were swept off their feet.

J. M. Keynes to Mrs. Keynes, 13th October 1918

I've stayed in London for the last two week-ends, but have had a very gay life as Duncan and Vanessa have been staying here and it has been the height of the Russian Ballet season. Apart from the parties I've been to, this house has been perpetually full of people, with the result that my supply of sheets amongst other things has completely given out!

The Sitwells, now burgeoning into the fine bloom of their youthful period, were among the greatest enthusiasts, and a party for the Ballet was given in their house at Carlyle Square. Keynes was amongst the guests.

So also was the exquisite ballerina, Lydia Lopokova, who was enthralling London by her performances in *The Good-Humoured Ladies*. The eyes of those invited were attracted by a large number of many-coloured stuffed love-birds in a glass case — a characteristic Sitwell touch. It is recalled that Lydia threw up her arms in ardent appreciation and asked if she could not be given one of these love-birds. It is not recalled that her request was granted at this party.

3

In the autumn of 1918 it began to appear that victory was in sight. A matter with which the Treasury would be concerned was that of German reparations. A historical retrospect and statement of principles had been composed by Keynes and W. A. Ashley for the Board of Trade as early as 2nd January 1916.

"A" Division now got busy on this topic. They worked hard and long, exploring the matter from every angle — Germany's pre-war foreign trade, her production, her foreign assets, the value of those territories (Alsace-Lorraine, a portion of Silesia, etc.) which she was likely to lose, and of her colonies, and the amount

of all those forms of damage which, under the terms of the Armistice, were likely to give rise to claims. Information was assembled from every quarter. The team laboured under Keynes' guidance. He had an acknowledged flair for "global" estimates of this kind. Indeed, among the many things that owe their origin to his influence may be listed the use of "global" statistics in debate and decision concerning broad political issues. Before his day, even economists had tended to argue about political issues in qualitative terms only.

"A" Division had certain special qualifications for dealing with this problem. Their methods of handling inter-allied finance had brought them face to face with the problems of capacity to pay, estimates of probable deficiencies, priorities among the various items of trade, the capacity for expanding various kinds of production under pressure. Their knowledge of the details of world trade, which came to them from their day-to-day experience, must have been unrivalled at that time.

Their findings were before the Cabinet at the end of November. Biasing their estimate on the high side, they found that the bill against the enemy, in accordance with the Armistice terms, might be about £4000 million. On an optimistic forecast they thought that Germany's capacity to pay might be £3000 million, but that it would be more prudent to reckon on £2000 million. This was a large sum. In order to bring it into focus, one may compare it with the indemnity exacted by the Germans after the Franco-Prussian war of £212 million. This French indemnity was always reckoned to be a heavy one. It would be impossible for Germany to hand over the proposed £2000 million at once; at the then prevailing rate of interest of 5 per cent this sum would represent £100 million a year until it could be paid off. This was certainly a stiff proposal; yet, looking back, we may doubt whether it was the maximum obtainable. Keynes was no doubt biased on the side of leniency, and this may have influenced the Report. It should be noted, however, that the £100 million was to be the net payment recoverable and not the total burden on Germany. Before the war Germany had had a substantial adverse balance of trade, offset by invisible items which would now disappear. Furthermore, Germany was due to suffer loss of valuable income-earning territory and her mercantile marine. The Treasury appears to have been satisfied with the document, and it was presented.

There was at that time a member of the War Cabinet of forceful personality and ardent temperament — Hughes, the Australian Prime Minister. He had no qualifications especially entitling him to a judgment on these topics, but that did not deter him. He regarded the Report as chicken-feed, and affirmed that Germany should pay for the full amount that the allies had spent upon the war. A new independent committee was set up, and, oddly enough, Hughes was made the chairman. The committee associated Lord Cunliffe, formerly Governor of the Bank of England, in its deliberations. It took the view that Germany should pay for the full cost of the war to the allies and this was set down at £24,000 million. These gentlemen saw no reason why Germany should not pay 5 per cent on this sum, namely £1200 million a year, until the capital could be paid off. No army of occupation would be needed to enforce these payments. Lloyd George was emphatic in laying down that any project should be based on this assumption, and the committee accepted this limitation. The figure was, of course, wholly fantastic. It was more than a hundred times the indemnity exacted by Germany. It has not been explained, to my knowledge, how a former Governor of the Bank of England could have lent himself to such a ludicrous proposition. It is interesting to compare the figure of £1200 million per annum with the claim made by Britain in all good faith in 1931 that it was economically impossible for her to pay £35 million a year to the United States, although she had not recently lost her mercantile marine or a large part of her territories or just fought an expensive war, and although she had pledged herself to pay this amount by an agreement freely arrived at. No doubt one interprets possible somewhat differently in the case of a friendly power and in that of a defeated foe. None the less, allowing most liberally for that, our claim in 1931 sufficiently exposes the Cunliffe figure.

It appears that this Report was written in total ignorance of the most elementary points. It was put to the authors that these heavy payments would surely compel Germany to compete strongly in British export markets. (In fact, if she captured half the British pre-war export markets and the whole of the French, she still would not be exporting enough goods to meet the bill.) Hughes denied the allegation. If Germany had to pay a large indemnity, she would have to impose heavy taxes, and these would raise her costs of production. Britain could remit taxes,

and this would lower her costs. Thus the net effect would be to improve the British chances of competition against Germany! It is clear from this that he had no notion at all how the indemnity would have to be paid. If £1200 million a year was actually to be delivered, Germany would have to secure that her exports exceeded her imports in value by that amount; if her taxes were heavy, wages would have to be reduced correspondingly, until German goods were so cheap that she could compete successfully and flood all markets with them. In this utter nonsense Hughes may not have been different from many other politicians of the time, who conceived of the indemnity simply in terms of writing a cheque for that amount and levying it upon the citizens. The transfer problem was not envisaged. Keynes told them about it, but they turned a deaf ear.

While this Report was in progress, Lloyd George was conducting a General Election. He obtained advance figures from the committee and used them on a public platform. I shall have more to say of this election in the following chapter, where Keynes' views on the reparations clauses and other aspects of the peace treaty will be discussed.

The Cabinet left the matter undetermined. The British delegates went forth to Paris in January 1919 with the Treasury Report, a Board of Trade Report, which reached similar conclusions, and the Hughes Report in their pockets. Keynes, although anxious, was not yet desperate, since he was sure that Wilson would not agree to exacting the whole cost of the war from Germany.

He went to Paris a principal representative of the Treasury, with power to speak, when necessary, for the Chancellor of the Exchequer. Members of "A" Division - Dudley Ward, Falk, Geoffrey Fry - went with him. Later, he also had the services of Mr. Harry Siepmann,¹ who returned from active service.

J. M. Keynes to Mrs. Keynes, 14th January 1919

Majestic Hotel

At last on Friday I travelled over here with Lord Reading and soon found myself in the full swing of affairs. I write in haste as I am off to Germany for a few days in a quarter of an hour. But I give you yesterday as a sample. 10 A.M. Armistice Committee to

¹ Since 1945 a Director of the Bank of England

settle the renewal terms with Germany, Foch presiding; after a short time Bonar Law left me alone and I had to lift up my voice loudly against the French; as a result deadlock and the matter referred to the Supreme War Council in the afternoon. 12.30 Conference with the Americans. 1.15 report morning's results to Bonar Law. Lunch with Lord Reading. 2.30 Supreme War Council, which was extraordinarily interesting — Wilson, Clemenceau and all of them there; Bonar Law and Wilson strongly supported my view and Klotz, speaking for the French, was completely defeated. 4.30 Supreme Council of Relief and Supply which lasted to dinner time; after dinner Treasury bag from London and finally bridge.

These days in hot French rooms are very tiring.

As I am British Financial representative to go with Foch to meet the Germans I am now off to Treves, to arrange amongst other things the sale of food to them, where I expect to meet the President of the Reichsbank.

There is an enormous crowd here and as you may imagine a perpetual buzz of chatter, gossip and intrigue.

The Armistice terms stated that "the Allies contemplated the provisioning of Germany to the extent that shall be deemed necessary". This was taken to mean that the Allies would relax the blockade to this extent, but not that they would provide the food gratis. Germany must pay. But how? She had at the moment no surplus of goods waiting at the ports for exportation. In the immediate future, payment could only be made in gold or foreign securities. But this the French had not been willing to permit, since they regarded these assets as earmarked against the reparations account. So no food was going into Germany, and the position there seemed likely to deteriorate. The Armistice had to be renewed each month, and when Keynes wrote the letter quoted, Marshal Foch was about to mount his train for talks with Germans at the frontier regarding the second renewal. I will not give the details of these negotiations, as Keynes has himself supplied a sparkling account of them in the Memoir entitled "Dr. Melchior".¹ The delivery of food was not achieved for another two months, since the French remained unwilling for gold to be used in payment. This refusal, on technical grounds, for a period of four months, of the food promised at the Armistice was a graver wrong than the more commonly cited "continuance of the blockade". The British troops were sickened by the

¹ *Two Memoirs.*

spectacle of ill and hungry children, and the wrath of Lloyd George at French obstruction was finally aroused. There was also the fear that Bolshevism might spread into Germany, and this was the political argument most frequently used in the interest of humane treatment. Keynes, critical as he was of Lloyd George on many counts, gives a fine description of his passionate onslaught on French obstruction at a meeting on 8th March. Even Clemenceau was overwhelmed by the fire and fury of it, and the main point was gained.

The French, however, still had one obstructive ruse in reserve. On the second occasion of the renewal of the Armistice, it was laid down that the Germans must hand over their mercantile marine, the need for ships to carry food to them being put in as a justification for adding this fresh demand. (Everyone knew that the terms of peace would include a surrender of the merchant fleet, but it was not included in the original armistice terms.) In January and February the Germans had delayed handing over, since, until they were allowed to use their gold to buy food, they saw no prospect of obtaining any. On 8th March the French insisted that the Germans should express unconditional willingness to hand over their merchant fleet, regardless of the food question, and that only after they had undertaken to do so, would they be told that they would be allowed to use their gold for food. The French may have reckoned that the Germans, not yet knowing the second branch of this double proposal, would refuse to comply with the first, so that there would be more delay. But Lloyd George was in earnest now. He informed the First Sea Lord, who represented Britain on this formal occasion of the final demand for the surrender of the German merchant fleet, that he must use all means necessary to see that the negotiations in regard to food went through successfully. The First Sea Lord's Chief of Staff sought the help of Keynes, who on a previous occasion had had some conversation on the side with Melchior, the principal German delegate. It was a satisfaction to him to be able, again on the side but this time in association with a representative of the British Navy, to tell the Germans that they could solidly count on a release of gold for food, if they first agreed to hand over the fleet. French obstructionism was at last overcome.

All those who met Melchior were impressed with his dignity and integrity. Although he eventually refused to be a party to

the Treaty of Versailles and resigned, his bank in Germany did not dare allow his picture to remain on the walls of its parlour when the Nazis attained power. He happened to be a Jew. Keynes often told a story which is not included in the Memoir. Melchior was being particularly obstinate on a certain point, no doubt under instructions. "If you go on like that, Melchior," Keynes said, "we shall think you are as difficult as an Ally." The rage of his French colleagues may be imagined.

Shortly after the first negotiations in January, Keynes took to his bed with influenza. The epidemic raged furiously among the British delegates somewhat later; many left Paris and did not return; it is conceivable that this thinning out was a source of weakness in the very critical days before and after the presentation of the peace terms, and that, but for the influenza, we might have had a slightly better Peace Treaty. Keynes tells us in his Memoir how he went off to recover at the house of his friend Madame Bussy, on the Riviera, where six years earlier he had been at the door of death. But he does not add that he was up to his old tricks again, and, having visited Monte Carlo, had to borrow from Madame Bussy the wherewithal to get him back to Paris.

From the end of December a body had been functioning in Paris, known as the Allied Supreme Council for Supply and Relief. On 8th February, this was transformed into the Supreme Economic Council. Keynes was the official Treasury representative. Lord Robert Cecil was the principal British representative and took the chair, *de jure* by rotation, but *de facto* at every meeting. This Council was concerned with transitional problems. Until peace was signed, inter-allied control of finance, shipping, food, materials, etc., had to be maintained. This was familiar territory for Keynes, and he was able to carry on in Paris with the good work of "A" Division. Whatever else may have happened there, the Supreme Economic Council continued to function efficiently. Mr. Baker wrote: ¹

Out of these, during the Peace Conference, developed the Supreme Economic Council, which became for a brief time a kind of economic world government — the greatest experiment ever made in the correlation, control, and direction, in time of peace, of international trade and finance. In some ways it was the most interesting and significant, because it was the newest, aspect of the Paris

¹ Woodrow Wilson and World Settlement, vol ii, p. 335

Conference. Military and political alliances and coöperation are not new in the world, but such a degree of economic coöperation never before existed.

It was a little nest of liberalism in the Paris wilderness. The principal French representative, M. Loucheur, was a much more reasonable man than M. Klotz. Keynes had scope here for useful work.

J. M. Keynes to Dr. J. N. Keynes, 16th March 1919

. . . I am Deputy for the Chancellor of the Exchequer on the Supreme Economic Council with full powers to take decisions; also one of the two British Empire representatives on the Financial Committee of the Peace Conference; chairman of the Inter-Allied Financial Delegates in Armistice Negotiations with Germany; and principal Treasury Representative in Paris. All of which sounds rather grander than it is, — but it's a full day's occupation.

On 23rd January a Commission on Reparations was formally constituted with instruction to report on the amount which enemy countries ought to pay and on what they were capable of paying. The Great Powers each had three representatives. Keynes was not among the British; the British Treasury and Board of Trade were both unrepresented. This point has not been sufficiently stressed. It is one thing to resign, as Keynes ultimately did, but critics might hold that a great man should have been able to influence decisions so that he did not have to resign. It is important to emphasise, therefore, that Keynes was not on the body which was formally responsible for the matters in question. His official work in Paris was mainly concerned with the purely transitional matters looked after by the Supreme Economic Council, and with carrying out any other incidental Treasury business that might arise there. In regard to backstairs influence, it must be remembered that this was largely exerted by Lloyd George's "garden suburb", and Keynes did not belong to that either. There Philip Kerr¹ ruled the roost.

Lloyd George's nominees to the Reparations Commission were Hughes, Cunliffe and Sumner. We have already had a glimpse at the mentality of Hughes and Cunliffe. In his *Memoirs of the Peace Conference* (1939) Lloyd George writes as follows with

¹ Later Lord Lothian, British Ambassador in Washington, 1939-1940.

reference to the Report of the Hughes-Cunliffe Committee in December 1918 :¹

Mr. Bonar Law and I regarded the conclusions of this Report as a wild and fantastic chimera. It was incredible that men of such position, experience and responsibility should have appended their names to it.

Why, if such was his view, did he appoint these same men only six weeks later to the Reparations Commission, to the exclusion of representatives of the British Treasury and the British Board of Trade? Lord Sumner was a judge of high repute, but of no financial knowledge. He appears to have been a man of narrow views and took the ordinary line that the Germans should be thoroughly trounced; he thought his duty well discharged in using his legal abilities in support of Cunliffe. In a note to Philip Kerr, dated 25th March, Keynes quoted the following trenchant observations upon them by Norman Davis, the American Treasury representative :

If we can quiet down the Heavenly Twins [Lords Cunliffe and Sumner] by agreeing any fool report for the Three and then get rid of them by winding up the Commission, we can get around with some human beings and start quite afresh.

It was wrong that the British Treasury should not have been represented on the Commission. Lloyd George, who knew Keynes' views, no doubt had it in mind that if, in the course of his acrobatics, he began to wish to play down reparations, he could produce Keynes out of his hat. "This is Mr. Keynes; he is here representing the British Chancellor of the Exchequer, and what he says has the Chancellor's authority. I should feel the gravest difficulty in committing my country to a course of action flatly opposed to the express advice and considered conviction of my Chancellor of the Exchequer; I cannot do it. You must find me a new Chancellor, gentlemen." But Lloyd George's thoughts did not take this turn.

As it turned out, the deliberations of the Reparations Committee, so far as any positive proposals were concerned, were futile. But the British members exerted a crucial influence at a certain point. I do not believe that the upshot would have been quite the same had Keynes been on the Commission representing

¹ P. 305.

the Chancellor of the Exchequer. Had he been a co-equal member with Sumner, speaking with the authority of the Chancellor, Sumner would have had to give close attention to his views and arguments.¹ Sumner may have been a bigot, but he was also a judge and thereby trained to listen to arguments when these are advanced in court. Keynes' arguments happen to have been quite impregnable, and he was a matchless advocate on occasion. This would have been his supreme hour. Before Lord Sumner he would have deployed argument upon argument with ice-cold logic and precision, no time for rudeness now, or for fancy; not the flicker of an eyebrow; just the unanswerable case. He would have been at the top of his bent, keyed up by his passionate intellectual contempt for the trash of Hughes and Cunliffe, and from far away, from some remote recesses of his being, would have come the distant, but distinct, voices of Duncan and the others — "go on . . . go on . . . remember your pledge, remember that all that we hold dear and all that you hold dear is at stake, and that decent living for many generations will depend on how you state this case".

But it was not like this at all. The opportunity did not arise. Keynes had to rely on unofficial methods for spreading his views, save for the occasions when it might be Lloyd George's whim to consult him. Readers of his book, who judge his stature by it, are in danger of over-estimating his importance in Paris. His abilities were still unknown, except to the British Treasury and to some circles of London society. The Treasury officials knew his capacity to handle matters entrusted to him. But it was not supposed by them or anyone else that he would play an important part in peace-making. His youthfulness itself was a handicap in a gathering of the most famous statesmen of Europe. Did he make sufficient efforts to draw attention to his own existence? It has been suggested that he relied too much on the inherent soundness of the documents he wrote, and did not do sufficient "lobbying" among other members of the British staff of his own standing. In the Civil Service it is important that members of different ministries should be aware of each other's views and play into each other's hands. It is interesting to notice that in the Diary of the Peace Conference which Mr Harold Nicolson has pub-

¹ Austen Chamberlain instructed that on the Supreme Economic Council Keynes should be received "on the same footing as I should if I were present, namely that of a full member with full rights of speech and decision"

lished, the first reference to Keynes is on 28th May, which was towards the end of the proceedings. He notes Keynes' views as though they were new to him.

Extract from Diary of Mr. Harold Nicolson

May 28. Lunch with Maynard Keynes. Discuss reparation chapter of the Austrian Treaty. We are fully agreed of the absurdity of applying to Austria the German reparation and indemnity clauses. Keynes is very pessimistic about the German Treaty. He considers it not only immoral but incompetent. The Germans can gain nothing by signing and lose nothing by refusing to sign.

Letter to Vita Sackville-West, 28th May

. . . Keynes has been too splendid about the Austrian Treaty. He is going to fight. He says he will resign

Mr. Harold Nicolson to his father (Lord Carnock), 8th June

I have tried, with the help of the Treasury man, who is first-class, to water down the Austrian financial clauses, but was told by Sumner to mind my own business. Anyhow I think we shall, provided Lloyd George wins his battle, get the Germans to sign. God help us if we can't! They will have us at their mercy.

It is a well-established fact that there was insufficient getting together or pooling of ideas by the experts in Paris. All were working at full pressure, attending to day-by-day crises, as well as mapping out the future of Europe. Their various proposals were submitted and modified by the Big Three, no doubt usually in a sense hostile to the enemy. They knew little of what the others were doing. It came to them all as a great shock when they first saw the Treaty as a whole immediately before it was presented to the Germans. The cumulative effect of adverse decisions separately taken had produced a Treaty which, considered as a whole, was quite different from what any of the experts had envisaged. Thus Keynes was not alone in being in imperfect liaison with all the other experts.

He did what he could. Mr. Alwyn Parker, the British Establishment Officer in Paris, produced some tea in the afternoon,

at which Eyre Crowe, Tyrrell and others of the Foreign Office appeared. He recalls that Keynes was often there, and his views would thus be well known to the leading members of the Foreign Office. Parker kept a diary and noted down this portrait by Eyre Crowe, which, although inaccurate in some respects, gives a typical account of the impression made by Keynes upon an intelligent observer who did not know him well.

Then the Frenchman began talking about *ce diable de corps Monsieur Keynes*, who always carries argument to a logical extreme and overworks self-determination to such a point, regardless of history, tradition, and geographical propinquity, that he would even bestow it on *Les Iles Sorlingues* or the Isle of Wight. Crowe said "Oh, you don't understand Keynes, and for that matter neither do I, but a great deal depends on his health. He is an artist and a bit of a genius who knows quite a lot about his own job and has picked up something all round. Put him in the Treasury and he has the horizon of a cupboard, but plant him in front of a large map and he has the range of an eagle, quicksighted and farsighted in his own purview, though in politics his illustrations are seldom closely related to the logic. That is because he has as little aptitude or taste for politics as you or I have for the refinements of economic speculation. But he is a very clever man and has the talent of the good learner. I am much more sanguine than I was that he will end by realising what is possible and reasonable even in regard to self-determination. Then he will step forward with the convictions of a proselyte and the pretensions of a prophet. And he will do it very well, for when he is at his best every word tells and he has the gift of getting the greatest possible meaning into a small compass. Like Mme Du Deffand *il n'est d'un seul mot tout ce qu'un mot peut dire*. He is a truly remarkable man and has a kind of critical intuition only to be paralleled by that of some of our greatest historians and scientists. I cannot myself cross-examine him about his figures as to the level of Reparations, but there are people who will not admit them as accurate. The bent of his mind is of that peculiar type that he takes a positive delight in argument for its own sake. Many of us who had frequent contact with him during the War have learnt to our cost that he only sees, for the time being, the point he has set himself to prove, and regardless of the fact that he has proved something very different yesterday, and is very likely to prove something different still tomorrow. He can bring a converging series of arguments to bear upon a single point, so that he succeeds in making everything else seem to have a minor interest to other persons, and it is doubtful

if it even has a subordinate interest for Keynes himself. His opinions are in a perpetual state of progress, and therefore of apparent flux. He never shrinks from paradox and sometimes seems to aim at it for its own sake. He has not much of the *suaviter in modo*, but he's a delightful companion and does some very kind acts by stealth.

On certain occasions Keynes was able to work closely with Lloyd George. Mr. Dudley Ward recalls an episode. There was a very tangled question concerning shipping in the Adriatic, which had to be settled by the Council of Four one afternoon. Over lunch Keynes and Ward reached the conclusion that they had briefed Lloyd George for the meeting in a sense diametrically opposed to British interests. They rushed round to the meeting. Lloyd George was at his seat in the semicircle round the fire and already speaking to the subject; Dudley Ward judged that, since the arguments were so tangled and British self-interest must not be too blatantly advanced, nothing could now be done. Keynes, however, took up half a sheet of notepaper on which, having advised Lloyd George to reverse the British demand, he summarised with a brevity Ward would not have believed possible the arguments supporting this change. Keynes passed the paper to Lloyd George, who looked at it quickly and proceeded. He continued on the same lines as before. Ward was confirmed in his idea that it was too late to do anything. But gradually, as they listened, a gentle trickle of thought of a new kind began to appear in Lloyd George's pleadings. And then slowly, as he took plenty of time in making his case, the whole trend was transformed, and he was soon using all Keynes' arguments on the opposite side; he added an admirable one of his own. He carried the day, and Ward is sure that the others did not perceive the change of front. It was the finest example which he ever knew of co-operation between two master minds to achieve what at first seemed quite impossible. If only there could have been like co-operation between them in the whole business of peacemaking!

During January and February little progress was made on reparations (or on other questions). On the Commission there was a complete deadlock. The Americans refused to agree to the French and British demand that the Germans should pay the full cost of the war, on the ground that it was contrary to the terms of the Armistice. But already in February the Americans were making certain approaches to the French, which were to render the Sumner-Cunliffe policy abortive. The Americans

pointed out that, if the full cost of the war was put into the bill, the French would get a much smaller share than if the claim were confined to reparation of damage proper. And as even the French may have had a suspicion, in their heart of hearts, that the full amount would never be paid, they saw that it might be against their interest to be put down for a smaller share in a larger amount rather than for a larger share in a smaller one. It was also hinted to the French that it might be possible to persuade Wilson to agree to an affirmation of Germany's theoretical liability for the full cost of the war, so long as their contractual liability was limited to the amount authorised in the Armistice terms. Such an affirmation might appease popular clamour in France. This was the origin of the famous "war-guilt" clause, which aroused such indignation in Germany in the inter-war period. It was not originally designed to humiliate the Germans but to reconcile the French and American points of view.¹

At the outset the Reparations Commission appointed three sub-committees. No Power had more than one representative. The British appear to have managed things well, since Sumner, Cunliffe and Hughes were the chairmen of the three sub-committees. The deadlock continued on the main questions of what Germany was liable to pay and what she was able to pay.

There was an interlude in the last part of February and beginning of March, when Wilson, Lloyd George and Clemenceau were out of action for different reasons. When Lloyd George returned, full of zest for getting to grips, hope revived. It was decided, on 10th March, to set up a committee of three "experts", to report directly to the Council of Four on reparations. These were Norman Davis (U.S.), Loucheur (France) and E. S. Montagu (Britain). This was the Montagu who was President of the Cambridge Union in Keynes' first term and had invited him to speak "on the paper"; he was now Secretary of State for India and a good Liberal. His appointment was certainly hopeful, and he would take Keynes' advice. This committee soon got away from unrealities. Montagu and Davis agreed upon £2000 million (the figure of the original Treasury draft) as the amount that Germany

¹ It is interesting to notice that Keynes, for all his prescience about so many matters, did not perceive that this clause would be a cause of trouble. With reference to it he wrote "So far, however, all this is only a matter of words, of virtuosity of draftsmanship, which does no one any harm, and which probably seemed much more important at the time than it ever will again between now and Judgment Day. For substance we must turn to Annex I" (*The Economic Consequences of the Peace*, p. 141).

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would be able to pay and Loucheur is said to have admitted that he agreed privately, although he could not be so quoted.¹ A report was suddenly required of them on 15th March. They did not dare to present so low a figure, and, instead, put forward the figure of £3000 million, with another £3000 million to be paid in German currency, which should only be converted when conditions were favourable. In view of this last proviso, the proposal was not unreasonable. According to Mr. Burnett, Lloyd George and Clemenceau were both convinced.²

But on 17th March a memorandum came to Lloyd George from Hughes, Cunliffe and Sumner proposing a payment to rise to £600 million a year in 1926 and to run for about thirty-five years thereafter.³ Such figures were still not far from the realms of fantasy. On the next day the "experts" were summoned back by the Council of Four and told by Lloyd George of the official British proposal. In these circumstances Lloyd George stated that he could not abide by the finding of the "experts".

At this point he invited Keynes to propose a scale of payments which would yield a total sum of £5000 million. This must have been painful work for Keynes. But at least Lloyd George's tendency to break away from the "Heavenly Twins" was welcome. He worked out a scheme, with the assistance of Mr. R. H. Brand, which had rising annual payments, and reached a maximum of £400 million a year in 1951-60. Although this involved total payments of £11,000 million in all, at 5 per cent the present value was only £3800 million.⁴ This was unsatisfactory, since the figure of £3800 million was deemed to be politically unacceptable. It seems strange that it was always taken for granted that the wrathful masses, whose profound ignorance on these economic topics has been so often cited as the main obstacle to a wise settlement, had a perfect understanding of the significance of these large figures and would at once judge that £3800 million was a puny sum.

However, at this time, Lloyd George is said to have told the Americans that £5000 million would be acceptable to him, if only they could get Sumner and Cunliffe to agree.⁵ We see

¹ *Reparation at the Peace Conference*, by P. M. Burnett, vol. i, p. 54. The statement is based on the authority of Mr. Davis.

² *Op. cit.* p. 56.

³ Lloyd George's *Memoirs of the Peace Conference*, p. 334.

⁴ They accordingly felt it necessary to add a footnote showing a steeper graduation of payments, which would give a present value of about £4800 million, but they deprecated this footnote.

⁵ Burnett, vol. i, p. 59.

clearly the baleful influence of these two. They were associated in the public mind with stern treatment, and Lloyd George was not prepared to face his public on a settlement which lacked their blessing! It was at this time that he went to Fontainebleau, taking Philip Kerr and others of the "garden suburb" with him, and composed a memorandum (25th March) which was liberal in sentiment. This did not move the French, however, and led to the interchange of sarcastic letters between him and Clemenceau. At the same time (25th March) a memorandum by Claude Lowther, to the effect that Germany should bear the whole cost of the war was circulated to all members of Parliament and published in the *The Times*. Lloyd George scented dangers at home.

Meanwhile two major developments were taking place in the reparations discussion which determined the final settlement. The first was the idea that no total figure for reparations payments should be mentioned in the Peace Treaty, that being left to be determined by a permanent Reparations Commission (to be distinguished from the Reparations Commission of the Conference). This plan has been severely criticised. It meant that Germany could not regain credit-worthiness for a long period. No one knew whether those who sought for impracticable sums would not prevail on the Reparations Commission. The United States was at that time, as she has been once more, the main source of credit. But it was perfectly clear then that this credit would have to come, not by way of government loans, but through the operations of private financiers. Therefore, to render Germany uncredit-worthy for a long term of years was to make it impossible for her to find means of recovery or to pay substantial reparations. The whole of Europe would suffer accordingly.

It is easy to see why the plan was attractive at the time. Those who really hoped to exact very large sums were not being invited to surrender their claims. Those who only wanted to maintain the appearance of exacting large sums, to satisfy their constituents, had their faces saved. Genuine liberals could argue that, when passions had had time to cool, the Reparations Commission would abate its demands and had powers enough to wangle a satisfactory settlement, despite the clauses of the Peace Treaty. Lloyd George has argued that such was his own view; that the American, British and Italian representatives would together have formed a majority on the Commission in favour of

leniency; and that it was the defection of the Americans which upset the apple-cart.¹

Between 25th and 28th March there was a last desperate attempt to reach an agreed figure, Sumner, Cunliffe and Keynes negotiating for the British! On 28th March the Council of Four decided that no figure should be inserted in the Treaty.

The second development was the British proposal that the value of separation allowances and pensions should be classed as damage inflicted upon the civilian population, in accordance with the Armistice terms, and added to the reparations bill. In regard to this Keynes wrote: "If words have any meaning, or engagements any force, we had no more right to claim for those war expenses of the State, which arose out of Pensions and Separation Allowances, than for any other of the general costs of the war. And who is prepared to argue in detail that we were entitled to demand the latter?"² Mr. Burnett has indeed shown conclusively that the French and British understood quite well at the time of the Armistice that they were signing away their right to demand the full costs of the war.³ But if Wilson could be persuaded that the inclusion of separation allowances and pensions was right, a compromise might be effected. Such a formula would yield a large enough total for the French realists to feel that it was as much as they were ever likely to get; it would satisfy the British. But at first Wilson held out. Oddly enough, he was finally convinced by a memorandum from General Smuts, the most enlightened of all the plenipotentiaries at Paris.

Smuts felt indignant that under the pure Wilsonian formula Britain would get so little by way of reparation. He had it in mind that she, and not France, had been bearing the main brunt of the war during the last two years, both in fighting man-power and in money. The device of including pensions and allowances would secure a larger share of payments for Britain. As, in Smuts' view, the bill, even without allowances and pensions, exceeded Germany's capacity to pay and would therefore not be demanded in full, Germany would not suffer from the inclusion of these items also. They would swell the theoretical total, but would not increase what was actually demanded, only altering its distribution among the Allies. It might have been possible to justify such a device if the Allied representatives had been sensible people,

¹ *Memours of the Peace Conference*, p. 341.

² *Economic Consequences of the Peace*, p. 144.

³ Burnett *op cit* ch. 1.

working together in cordial amity, and had there been no question of asking Germany to pay more than she was really able to. In the actual conditions of Paris, it was ill-starred.

On the 1st April Wilson agreed to the inclusion of pensions and allowances under the influence of Smuts's memorandum. But the battle was not yet lost, for one major point remained to be settled, and a right decision on this would render the inclusion of pensions and allowances nugatory. This was the question of the time limit. Throughout these discussions Lloyd George emphasized that the bill against Germany should be cleared within the lifetime of the generation that made the war. This was usually taken to be thirty years. So long as this time limit was observed, it seemed clear that Germany could not be asked to do more in total than meet the bill as assessed before the inclusion of pensions and allowances. Thus, when, after three days of heated debate among the experts, the point about the time limit came for decision to the Council of Four on 5th April, Mr. Davis was able to say that President Wilson "*had conceded pensions on the theory that this would not materially increase the actual amount Germany would have to pay, but would rather affect the method of distribution, because we regarded Germany's capacity as being agreed to as within the 30-year limit*".¹ This was the Sinuts view. Wilson's decision about pensions was the one for which Keynes took him most severely to task. But it seems that the really operative decision was made by the Council of Four on 5th April (House then representing Wilson, who was unwell), when the proposal to insert a time limit in the Treaty was dropped. Thereafter it was no longer possible to argue that the Germans would not feel the full weight of the inclusion of pensions and allowances, and that this only affected the distribution of the spoils among the Allies. Here we have a striking example of how Wilson's position was whittled away.

It is interesting to observe that the major vital decisions (no fixed sum, inclusion of pensions and allowances, no time limit) were reached before the famous telegram from 380 Conservative members of Parliament arrived on 8th April. None the less the moral of those who stress the importance of this telegram is correct. Lloyd George's subservience to Sumner and Cunliffe reflected his fear of hostile Conservative criticism at home.

Thus Keynes' hopes were dashed and unreason prevailed. But it was difficult on this, as on other occasions, to cast him

¹ Burnett, *op. cit.* vol. 1, p. 829

down. Defeated on one line, he sought another way out of the difficulties. He fell back on his position as chief British representative on the Supreme Economic Council. This was responsible for the actual economic conditions of the moment, which were, in all conscience, sufficiently deplorable. Help was given day by day, but this could not go on indefinitely. There was clearly a gap between the present time and that happy time when Germany could comfortably pay £500 million a year or whatever it might be. Was it not the duty of the Supreme Economic Council to endeavour to bridge this gap? Accordingly Keynes worked upon a scheme, which was known for a time as "The Keynes Plan". This was for an issue of £1000 million bonds by the German Government (and proportionate issues by the other enemy governments), one-fifth to be used for the purchase of food and materials, and four-fifths to be payable on reparations account. Interest was to be guaranteed jointly and severally by the enemy states, with priority over Reparations payments, and to be underwritten by the Allied and Associated governments, as well as by the Scandinavian governments and Holland and Switzerland, in certain proportions. These bonds were to be acceptable as first-class collateral for loans by all central banks. The effect might be that Federal Reserve Banks of the United States would be asked to make a loan for the whole amount, or a great part of it, and this loan would temporarily finance not only the immediate payment of reparations by Germany, but also the immediate payment by the other Allies of the interest on their debt to the United States. It would prevent Germany being immediately stripped of all her working capital and would assist the European Allies to carry their heavy burden. It was indeed a sort of Marshall plan, albeit on a smaller scale. Europe would be screened from the immediate catastrophe which would take place when the reparation clauses of the Treaty came into operation. It would cover a period within which a change of heart might occur among the Allies, so that, after all, the European position might be saved.

He spent a week in England in the middle of April.

J. M. Keynes to Mrs. Keynes, 17th April 1919

46 Gordon Square

I have been kept about here until to-day getting through the Cabinet a *grand scheme for the rehabilitation of Europe*.

Austen Chamberlain (Chancellor of the Exchequer) wrote to Lloyd George warmly supporting the Keynes Plan.

Lloyd George sponsored the scheme in Paris and wrote a fine covering letter to President Wilson. But this time it was the Americans who would not play. The U.S. Treasury affirmed that it was unthinkable that Congress would authorise an arrangement which might involve the Federal Reserve System in making a large loan of this kind. The U.S. Treasury argued that already since the Armistice they had authorised loans to Europe amounting to £600 million, a large sum for peace-time, — their loans during the war had amounted to £1400 million, — and that Congress would go no further. Keynes' life repeated itself. Was not his last great work doing with success what he failed to do in 1919? The attitude of the Americans had changed meanwhile.

They had a good excuse in 1919 for rejecting this proposed liability. In replying to Lloyd George, President Wilson wrote : ¹

You have suggested that we all address ourselves to the problem of helping to put Germany on her feet, but how can your experts or ours be expected to work out a *new* plan to furnish working capital to Germany when we deliberately start out by taking away all Germany's *present* capital? How can anyone expect America to turn over to Germany in any considerable measure new working capital to take the place of that which the European nations have determined to take from her? Such questions would appear to answer themselves, but I cannot refrain from stating them, because they so essentially belong to a candid consideration of the whole difficult problem to which we are addressing ourselves, with as sincere a desire as that of their colleagues to reach a serviceable conclusion.

Commenting on this, Keynes wrote to Philip Kerr :

The President's letter, as it stands however, indicates a spirit far too harsh for the human situation facing us. In particular, it is surely impossible for the Americans to disclaim responsibility for the Peace Treaty to which, wisely or not, they have put their name equally with the other governments. . . . It is also worth remembering that while the Americans greatly criticised the aggregate of the indemnity they did not, so far as I remember, oppose the initial £1000 million.² Yet the force of the President's letter entirely turns

¹ *Woodrow Wilson and World Settlement*, by R. S. Baker, vol. iii, p. 346.

² This had to be paid by the Germans before 1st May 1921.

on the inadvisability of exacting this sum of £1000 million. . . . Nevertheless controversy on the above lines would be vain. There is a substantial truth in the President's standpoint and we can only look for fruitful results out of the discussions of the new committee.

Despite this set-back Keynes' initiative might have had some effect. On 9th May the Council of Four set up a Committee of Experts (with Lord Robert Cecil and Keynes for the British Empire) to deal with the problem. Their report was presented on 4th June. The trouble was that the Americans had been unable to offer much money. None the less, this Report, agreed by British, French and American delegates, grappled with the problems confronting Europe, and, if the discussions had been kept alive, the Americans might have been led on to a more helpful attitude. But the Council of Four had lost interest, and it never considered the Report. The labours of its collaborators had been in vain.

After his return from London in the third week of April, Keynes had found that Montagu, to whom he had been referring for ministerial decision, had left Paris. At the suggestion of the Chancellor of the Exchequer, an arrangement was now made by which, when he needed ministerial guidance on the spot, he should go to General Smuts. In April he was attending the Council of Four regularly when financial and reparations questions were discussed, often as the senior British official immediately behind Lloyd George. This was the phase of tidying up for presentation to the Germans. The clauses did not get more lenient in the process.

The Peace Treaty was presented on 7th May; German comments soon began to come in and their full-length reply was received on 29th May. Keynes in his book stressed the point that, while Lloyd George was now prepared to make concessions, Wilson's attitude stiffened. The latter had persuaded himself that the Treaty, as drafted, was in accordance with his principles, thereby greatly deceiving himself; to admit the German criticisms would imply that he had betrayed his own cause; this was psychologically impossible for him. It should be observed, however, that on the question of reparations he was in this phase still trying to get a more reasonable settlement, including the naming of a fixed sum.

Keynes made a last despairing attempt in a note handed to Lloyd George on 2nd June, on the basis of the Germans under-

taking the physical restoration of France and Belgium. In this note he estimated the total claims against Germany (including pensions and allowances) at £6300 million.¹ He suggested a deduction from this sum, on the Austrian precedent, of a share of reparation attributable to territory to be ceded under the Peace Treaty. He suggested that this would leave £5000 million — a convenient sum, as the draft Treaty had made specific provision for the payment of at least that amount. From this he deducted £2000 million for the physical restoration and proposed that the Germans should be required to pay the balance of £3000 million spread over a reasonable period, without interest. But it was all in vain. The American battle to get a fixed sum inserted failed.

The Treaty was signed on 28th June, but Keynes had already left Paris.

J. M. Keynes to Mrs. Keynes, 14th May 1919

It must be weeks since I've written a letter to anyone, — but I've been utterly worn out, partly by work partly by depression at the evil round me. I've never been so miserable as for the last two or three weeks; the Peace is outrageous and impossible and can bring nothing but misfortune behind it. Personally I do not believe the Germans will sign, though the general view is to the contrary (*i.e.* that after a few moans and complaints they will sign anything). But if they do sign this will be in many ways the worse alternative; for it is out of the question that they should keep the terms (which are incapable of being kept) and nothing but general disorder and unrest could result. Certainly if I was in the Germans' place I'd rather die than sign such a Peace.

Well, I suppose I've been an accomplice in all this wickedness and folly, but the end is now at hand. I am writing to the Treasury to be relieved of my duties by June 1 if possible and not later than June 15 in any event. So I may just be back in time for the tail end of the May Term.

Apart from any other reasons, I am quite at the end of my tether and must have a holiday.

I've a letter lying unanswered enquiring if I will be a candidate for the Directorship of the London School of Economics, — pay £1500 or perhaps more. I shall ask a few questions about it, but have no intention of accepting. I hope father agrees.

¹ Cf. the official finding of the Reparations Commission nearly two years later of £6600 million.

I am supposed to be sitting to John for my portrait for his Peace Conference set; but there has been no time so far.

J. M. Keynes to Duncan Grant, 14th May 1919

. . . I have been as miserable for the last two or three weeks as a fellow could be. The Peace is outrageous. . . . Meanwhile there is no food or employment anywhere, and the French and Italians are pouring munitions into Central Europe to arm everyone against everyone else. I sit in my room hour after hour receiving deputations from the new nations. All ask, not for food or raw materials, but primarily for instruments of war against their neighbours. . . .

One most bitter disappointment was the collapse of my grand scheme for putting everyone on their legs. After getting it successfully through the Chancellor of the Exchequer and the Prime Minister and seeing it formally handed to Wilson and Clemenceau, the American Treasury (from whom no more was asked than any one else) turns it formally down as a most immoral proposal which might cost them something and which senators from Illinois would not look at. They had a chance of taking a large, or at least a humane, view of the world, but unhesitatingly refused it. Wilson, of whom I have seen a good deal more lately, is the greatest fraud on earth.

The weather is very fine. I spent last week-end in Fontainebleau Forest and tried to get to Chartres, but was defeated by two punctures to my motor. Do write to me and remind me that there are still some decent people in the world. Here I could cry all day for rage and vexation. The world cannot be quite as bad as it looks from the Majestic.

A week or two ago I went to a Matisse exhibition and enclose the catalogue. I like the latest least. Am I right in thinking that he is becoming almost academic? . . .

Austen Chamberlain to J. M. Keynes, 21st May 1919

Bradbury has just shown me your letter of the 19th. I know how great a sacrifice of personal inclination, and even more, you have made in continuing your work for us in Paris. On your side I think you know how much I have valued and appreciated the enormous assistance which you have given us. . . .

Bradbury will write to you as to the other members of the staff but I could not leave to him the expression of my strong feeling that a continuation of your services for the present is of great importance

in the public interest, nor can I refrain from making my personal appeal to you to continue your help until the situation is more clearly defined.

J. M. Keynes to Austen Chamberlain, 26th May 1919

I appreciate your letter very much, just as I have had good reason to appreciate my treatment by the Treasury all through; and if my only grounds for leaving were the need of a rest and the desire to get back to my own work, I could not resist your appeal. But that is not the position. I was so anxious to leave this Conference on general grounds that I did not like to make too much fuss about my reasons arising out of my disagreement with the policy which is being pursued here. But I stated them in my previous letter and to me they are very real and important. We have presented a Draft Treaty to the Germans which contains in it much that is unjust and much more that is inexpedient. Until the last moment no one could appreciate its full bearing. It is now right and necessary to discuss it with the Germans and to be ready to make substantial concessions. If this policy is not pursued, the consequences will be disastrous in the extreme.

If, therefore, the decision is taken to discuss the Treaty with the Germans with a view to substantial changes and if our policy is such that it looks as if I can be of real use, I am ready to stay another two or three weeks. But if the decision is otherwise, I fear that I must resign immediately. I cannot express how strongly I feel as to the gravity of what is in front of us, and I must have my hands quite free. I wish I could talk to you about the whole miserable business. The Prime Minister is leading us all into a morass of destruction. The settlement which he is proposing for Europe disrupts it economically and must depopulate it by millions of persons. The New States we are setting up cannot survive in such surroundings. Nor can the peace be kept or the League of Nations live. How can you expect me to assist at this tragic farce any longer, seeking to lay the foundation, as a Frenchman puts it, "d'une guerre juste et durable".

The Prime Minister's present Austrian policy puts me in an equal difficulty. Lords Sumner and Cunliffe have produced a Reparation Draft of which I have already sent you a copy. Now General Smuts and I are invited to join their deliberations. But the British representation cannot be fundamentally divided against itself, and it is necessary to choose. I append a letter which General Smuts has written to the Prime Minister about this. [He refused to serve.] I also enclose two of Sir F. Oppenheimer's latest telegrams.

J. M. Keynes to Mrs. Keynes, 1st June 1919

Partly out of misery for all that's happening, and partly from prolonged overwork, I gave way last Friday and took to my bed suffering from sheer nervous exhaustion. There I've remained more or less ever since, rising only for really important interviews and for a daily stroll in the Bois, with the result that I'm already much better. My first idea was to return to England immediately, but General Smuts, with whom I've been working very intimately for changes in this damned Treaty, persuaded me that it was my duty, to stay on and be available if necessary for the important discussions of these present days, declaring that one can only leave the field of battle *dead*. However the business will soon be determined and then, I hope in two or three days at latest, I return to England forever, -- bar certain very improbable changes in the possibilities of the case.

I dragged myself out of bed on Friday to make a final protest before the Reparation Commission against murdering Vienna, and did achieve some improvement.

The German reply is of unequal merit but remains an unanswerable exposure of all our wickedness.

Don't think me more broken down than I am. I eat and sleep well and there's nothing whatever the matter except fatigue.

I have left the Majestic and am living in a flat on the edge of the Bois, which is quiet and where I am very well tended.

J. M. Keynes to Mrs. Keynes, 3rd June 1919

I am living alone in a flat, which has been lent to me, on the edge of the Bois with an excellent French cook and a soldier servant to valet me, and am getting on splendidly, -- otherwise I would most certainly have sent for you at once. I spend more than half of my time in bed and only rise for interviews with the Chancellor of the Exchequer, Smuts, the Prime Minister and such. Dudley Ward comes down twice a day with the news. I am indeed so much better that only extreme prudence in matters of health keeps me secluded at all. But I distinctly looked over the edge last week, and, not liking the prospect at all, took to my bed instantly.

The P.M., poor man, would like now at the eleventh hour to alter the damned Treaty, for which no one has a word of defence, but it's too late in my belief and for all his wriggings Fate must now march on to its conclusion. I feel it my duty to stay on here so long as there is any chance of a scheme for a real change being in demand. But I don't expect any such thing. Anyhow it will soon be settled and I bound for home.

J. M. Keynes to Norman Davis, 5th June 1919

I am slipping away on Saturday from this scene of nightmare. I can do no more good here. You Americans are broken reeds, and I have no anticipation of any real improvement in the state of affairs.

J. M. Keynes to David Lloyd George, 5th June 1919

I ought to let you know that on Saturday I am slipping away from this scene of nightmare. I can do no more good here. I've gone on hoping even through these last dreadful weeks that you'd find some way to make of the Treaty a just and expedient document. But now it's apparently too late. The battle is lost. I leave the twins to gloat over the devastation of Europe and to assess to taste what remains for the British taxpayer.

CHAPTER VII

“THE ECONOMIC CONSEQUENCES OF THE PEACE”

1

WE have seen that in the later period at Paris, Keynes was in close consultation with General Smuts, who agreed with his opinions. Towards the end Keynes broached the project of writing a book to describe the whole sorry story; and Smuts strongly encouraged him.

J. M. Keynes to O. T. Falk, 25th June 1919

. . . On Monday I actually began writing a book about the economic condition of Europe, but may not persevere with it

This was stage fright, which soon passed off. He had not yet matured his plan.

The Economic Consequences of the Peace was written during August and September at Charleston and appeared on the book-stalls in December. It made his name famous in many lands, and also infamous in many straitlaced circles. It was his deep anguish of soul that urged him to write and his utter fearlessness that carried the project forward. He did not hesitate to flout the mighty and to outrage prevailing opinion. He sought to change that opinion. In order to do so, he was ready to sacrifice his own worldly interests. In the event he did both. His influence on the British public was profound and rapid; in 1924 the French themselves became a party to a provisional reparations plan of a reasonable character; but he remained an outlaw from British official circles for many years afterwards.

In the following pages an attempt will be made to assess the value of this work as a contribution to the economics and politics of the day. We have the advantage of our acquaintance with subsequent events. Opinion has fluctuated in its judgment of the

book, and even now the time may not yet be ripe for a final verdict. But however it be rated for political sagacity, it has another quality which entitles its author to the very highest rank. *The Economic Consequences of the Peace* takes its place as one of the finest pieces of polemic in the English language. The broad philosophical considerations, clearly marshalled, with which it opens; the fresh limpid style, the sparkling phrases, the sense of drama; the story unfolding stage by stage so that interest never flags; the comfortable authority of a man speaking with complete knowledge of his subject and clearly of intellectual eminence; the ruthless and terrible character sketches presented suddenly with great originality, invective of quite a different character from that found in the old masters, and hints that the author well understands his victims' good qualities also - - hints which do not strike the reader as a mere ruse, but as reflecting a genuinely judicial quality; the arch-villain of the piece, Clemenceau, presented as a most lovable person; the story proceeding into elaborate statistics, which never weigh down the pages, but are welded into the irresistible logic of the argument; insensate folly leading to tragedy; a vision of the suffering victims, hungry, patient, not ready to revolt, but with a smouldering rage that may well work havoc; dark forebodings; a prophecy of woes to come which is vague in outline and thereby more convincing; the whole wrought into an artistic unity by an argument which moves breathlessly from first word to last — these qualities combine to create a great masterpiece.

The book is seldom read nowadays. People feel that they know what it says and have nothing to learn from it. They may be alarmed -- needlessly -- by the thought of statistics, now obsolete, concerning coal and gold and foreign trade. This is a mistake. There are a number of matters — the evils of inflation and price control — which continue to be of live interest. The German problem is still with us. But, beyond all this, there is the pleasure to be obtained from it as a work of art. We still read Pascal's *Provincial Letters* with delight, although not many still regard the distinction between efficacious and sufficient grace as a live issue.

The original manuscript included portraits of the Big Three. On consideration Keynes decided that, since he had so recently served Lloyd George, the main section about him should be omitted. It was shown to Asquith, who thought it a true

portrait, and was subsequently published, along with a reprint of the description of the Council of Four, in *Essays in Biography* (1933). But one does not appreciate the full value of the portraits by reading them in isolation. Their interest is immensely enhanced when they are placed against the background of the European scene, as described in the original book. A reprint of this should be issued with the portrait of Lloyd George included. Keynes wrote another piece about the Paris Conference, his *Memoir on Melchior* (published 1949). Chronologically, the events described come at an early phase of the Peace Conference narrative. In a reprint of the book, however, it should not be placed at the beginning, but in an appendix. The tone and temper of much of it are totally different from those of the book itself, and its inclusion in the text would spoil the artistic unity. In "Melchior" the personal comment is much more acid. Keynes wrote it at a time of extreme bitterness, to satisfy a personal impulse, and he was not restrained by the desire for a favourable verdict from all men of general good sense. Those who hold that the portraits in the *Economic Consequences* were heightened in order to titillate public opinion, should compare them with what he wrote when he was merely giving vent to his own private thoughts. One is struck at once with the restraint and dignity of the former.

It can seldom have happened that one, who had a month or two earlier been playing a notable part in a tense drama of great moment in world history, was able then to summarise it with the imaginative power shown in the following passage. This belongs to the Lloyd George section and was not printed in the original book. The "King" is Clemenceau.

But it is not appropriate to apply to him [Lloyd George] the ordinary standards. How can I convey to the reader, who does not know him, any just impression of this extraordinary figure of our time, this syren, this goat-footed bard, this half-human visitor to our age from the hag-ridden magic and enchanted woods of Celtic antiquity? One catches in his company that flavour of final purposelessness, inner irresponsibility, existence outside or away from our Saxon good and evil, mixed with cunning, remorselessness, love of power, that lend fascination, enthrallment, and terror to the fair-seeming magicians of North European folklore. Prince Wilson sailing out from the West in his barque *George Washington* sets foot in the enchanted castle of Paris to free from chains and oppression and an ancient curse the maid Europe, of eternal youth and beauty, his mother and his bride in one. There in the castle is the King with

yellow parchment face, a million years old, and with him an enchantress with a harp singing in the Prince's own words to a magical tune. If only the Prince could cast off the paralysis which creeps on him and, crying to heaven, could make the Sign of the Cross, with a sound of thunder and crashing glass the castle would dissolve, the magicians vanish, and Europe leap to his arms. But in this fairy-tale the forces of the half-world win and the soul of Man is subordinated to the spirits of the earth.¹

Of Clemenceau he wrote :

He felt about France what Pericles felt of Athens -- unique value in her, nothing else mattering ; but his theory of politics was Bismarck's. He had one illusion -- France ; and one disillusion -- mankind, including Frenchmen and his colleagues not least.²

And of Wilson :

At the crisis of his fortunes the President was a lonely man. Caught up in the toils of the Old World, he stood in great need of sympathy, of moral support, of the enthusiasm of the masses. But buried in the Conference, stifled in the hot and poisoned atmosphere of Paris, no echo reached him from the outer world, and no thrill of passion, sympathy, or encouragement from his silent constituents in all countries. He felt that the blaze of popularity which had greeted his arrival in Europe was already dimmed ; the Paris Press jeered at him openly ; his political opponents at home were taking advantage of his absence to create an atmosphere against him ; England was cold, critical, and unresponsive. He had so formed his *entourage* that he did not receive through private channels the current of faith and enthusiasm of which the public sources seemed dammed up. He needed, but lacked, the added strength of collective faith. The German terror still overhung us, and even the sympathetic public was very cautious ; the enemy must not be encouraged, our friends must be supported, this was not the time for discord or agitations, the President must be trusted to do his best. And in this drought the flower of the President's faith withered and dried up.³

The President's attitude to his colleagues had now become : I want to meet you so far as I can ; I see your difficulties and I should like to be able to agree to what you propose ; but I can do nothing that is not just and right, and you must first of all show me that what you want does really fall within the words of the pronouncements

¹ *Essays in Biography*, pp. 36-7.

² *The Economic Consequences of the Peace*, p. 29.

³ *Ibid.* pp. 44-5.

which are binding on me. Then began the weaving of that web of sophistry and Jesuitical exegesis that was finally to clothe with insincerity the language and substance of the whole Treaty. The word was issued to the witches of all Paris :

Fair is foul, and foul is fair,
Hover through the fog and filthy air.

The subtlest sophisters and most hypocritical draftsmen were set to work, and produced many ingenious exercises which might have deceived for more than an hour a cleverer man than the President.¹

At last the work was finished ; and the President's conscience was still intact. In spite of everything I believe that his temperament allowed him to leave Paris a really sincere man ; and it is probable that to this day he is genuinely convinced that the Treaty contains practically nothing inconsistent with his former professions.

But the work was too complete, and to this was due the last tragic episode of the drama. The reply of Brockdorff-Rantzau inevitably took the line that Germany had laid down her arms on the basis of certain assurances, and that the Treaty in many particulars was not consistent with these assurances. But this was exactly what the President could not admit ; in the sweat of solitary contemplation and with prayers to God he had done *nothing* that was not just and right ; for the President to admit that the German reply had force in it was to destroy his self-respect and to disrupt the inner equipoise of his soul ; and every instinct of his stubborn nature rose in self-protection. In the language of medical psychology, to suggest to the President that the Treaty was an abandonment of his professions was to touch on the raw a Freudian complex. It was a subject intolerable to discuss, and every subconscious instinct plotted to defeat its further exploration.

Thus it was that Clemenceau brought to success what had seemed to be, a few months before, the extraordinary and impossible proposal that the Germans should not be heard. If only the President had not been so conscientious, if only he had not concealed from himself what he had been doing, even at the last moment he was in a position to have recovered lost ground and to have achieved some very considerable successes. But the President was set. His arms and legs had been spliced by the surgeons to a certain posture, and they must be broken again before they could be altered. To his horror, Mr. Lloyd George, desiring at the last moment all the moderation he dared, discovered that he could not in five days persuade the President of error in what it had taken five months to

¹ *The Economic Consequences of the Peace*, p. 47.

prove to him to be just and right. After all, it was harder to debamboozle this old Presbyterian than it had been to bamboozle him, for the former involved his belief in and respect for himself.

Thus in the last act the President stood for stubbornness and a refusal of conciliations.¹

The book closes with the words

We have been moved already beyond endurance, and need rest. Never in the lifetime of men now living has the universal element in the soul of man burnt so dimly.

For these reasons the true voice of the new generation has not yet spoken, and silent opinion is not yet formed. To the formation of the general opinion of the future I dedicate this book.²

Before proceeding to our assessment, we may consider one criticism which has often been made. It is said that justice was not done to the Big Three, who were, after all, great men, giants in their age. If only comparable leaders, it is well argued, could have been found to guide our destinies in the twenty years which followed, what a much better place the world might have been. It is lacking in all sense of proportion to present them as evil or ridiculous figures.

The justice of the plea on behalf of these three may well be admitted. None the less, this criticism can be completely met. These sketches were not intended by their author as full-length portraits of his subjects to be hung in the shrine dedicated to our ancestors. The book was not written as a definitive history of the Peace Conference. It was quite intentionally designed as a polemic; it was composed in two months at a white heat of passion, immediately after the events. It sought to influence public opinion at once. Europe was disintegrating and must be saved. Keynes did not attempt to portray all the characteristics of his subjects, but only those relevant to the matter in hand, and in particular those which caused the mistakes to be made. He was telling his public that the Peace Treaty was an act of wickedness and folly. "How can this be so?" he might reply. "We do not know the facts and believe that you must have distorted them, since Wilson we know to be neither wicked nor foolish. And is not Lloyd George a life-long Liberal?" He did not distort the facts, the documents have on the whole confirmed his account. It was necessary for him to explain, therefore, how it could be that these two men, each trusted in their different ways, became parties to the trans-

¹ *Ibid* pp 49-50

² *Ibid* p 279

action. To do so, he had to show certain weaknesses in sharp relief. The sketches only give part of the truth ; in this he carried out his own programme, clearly announced.

The disillusion was so complete, that some of those who had trusted most hardly dared speak of it. Could it be true ? they asked of those who returned from Paris. Was the Treaty really as bad as it seemed ? What had happened to the President ? What weakness or what misfortune had led to so extraordinary, so unlooked-for a betrayal ?

Yet the causes were very ordinary and human.¹

These were his terms of reference. He was perfectly entitled to keep within them. Indeed, it would have been wrong to have done otherwise. It would have been irrelevant, and therefore injurious, and probably beyond his competence, to have given full-length portraits of these historic figures.

It is interesting to observe that M. Mantoux, arch-critic of the book, is satisfied with the portrait of his own countryman, which presumably he was better able to judge than those of the others :

His portrait of the old Tiger . . . was masterly, and it is beyond anyone's power to excel it.²

It was not Clemenceau's backsliding that Keynes had to explain. The French attitude was well understood, and, it being what it was, the others would clearly have a very difficult task. He had to explain why they were unequal to it : " But in such a test of character and method as Paris provided, the Prime Minister's naturally good instincts, his industry, his inexhaustible nervous vitality were not serviceable. In that furnace other qualities were called for — a policy deeply grounded in permanent principle, tenacity, fierce indignation, honesty, loyal leadership." ³

A slightly different criticism has been advanced. General Smuts remarked to me⁴ that " the portrait of Wilson was absolutely truthful, but Keynes should not have written it ; after all Wilson was our friend ". This is a generous attitude, but it may be difficult for General Smuts to judge the matter aright. His immediate responsibilities were to lie elsewhere. Keynes felt a personal obligation, after having partaken in, and by his efficient services contributed to, the progress of events at Paris, to do

¹ *The Economic Consequences of the Peace*, p. 36.

² *The Carthaginian Peace*, by Étienne Mantoux, p. 46.

³ *Essays in Biography*, p. 35

⁴ Interview on 8th June 1948. See below, pp. 267-8.

something at once towards rectifying the situation. Wilson had spent his power and could no longer help. That he was high-minded and well-intentioned and had striven according to his lights for a good settlement was now not relevant.¹ The public scarcely knew in what respects the terms of peace were ill considered; what was immediately required was elucidation. The sketch of Wilson played an essential part in that. It would be for other hands to write of all Wilson's good qualities and keep his memory green.

But what may be deemed a misfortune befell Keynes' work. The consummate artistry of his portraits has preserved them in our memories, and the notions entertained by the subsequent generation about the characters of the three great men have been largely influenced by Keynes. He would, no doubt, have supposed, had it occurred to him to think upon the matter, that others would arise to do justice to these three in regard to all their manifold good qualities and activities through long and illustrious careers. The trouble in this matter has been that other pens of comparable power have not been found. Lloyd George gives an excellent account, also critical, of Wilson, in manly, vigorous prose; Lloyd George had some gift of words! Yet place it beside the Keynes portrait, and you will at once feel it to be the work of an amateur. Where are our great historians? It is not enough to complain that Keynes did not do justice; let them do justice themselves! Let them show these men with all their vibrant powers. After all, they are good subjects. The fact of the matter is that the survival of these portraits and the complaints against them are due to Keynes' greatness as a writer and not to any fault in his own intentions. It was the misfortune of these men to come across the path of one who had the divine gift of words.

And he can spread thy name o'er lands and seas.
Whatever clime the sun's bright circle warms.

Wood may have had many amiable qualities, but, unfortunately for his fame, he came across Swift's path.

2

Keynes attached great importance to two points, which need not be discussed at length. One was the fact that the Treaty was

¹ See below, pp. 293-4.

a violation of the Armistice terms, and the other its hypocrisy.

In regard to the former, Keynes was particularly interested in the inclusion of pensions and separation allowances in the claim for reparations from the enemy. This was a glaring breach. And what shall we say of the French and British delegates who, in the early stages of the discussion, advanced claims for the full costs of the war? It is clear that at the time of the Armistice they knew perfectly well that they were signing away the right to demand those costs. It is possible that Keynes was too ready to assume similar defalcations in regard to matters with the history of which he was less well acquainted.

There is some tendency to argue that the Armistice engagement had no great moral force, since the Allies were deceived as to the strength of the enemy, who might, after some more fighting, have agreed to unconditional surrender. Yet we must not altogether neglect the extra fighting, even although it might not have been severe. Each extra Englishman (or American or Frenchman) saved from carnage, each young man with his hopes and aspirations, his parents or wife or children who loved him, had his own unique value; it is not right to say, if these lives were spared, that there had been no *quid pro quo* for the concessions to the enemy contained in the Armistice terms. Waiving this, there remains the point of international law and morality. This was a moment at which the League of Nations was to be founded and international law to be rebuilt on a secure basis. Those rules which govern individual behaviour were to apply to the nations also. How often does the private citizen, in the conduct of his ordinary business life, find that, after making a contract, he could have got much better terms, had he known all the circumstances of his competitor or his client. It might seem that life would be easier if on all such occasions one could put an agreement into the wastepaper basket. Not really so, because one might be the victim of similar conduct. Were we not arraigning Germany because she had treated the Belgian guarantee as a "scrap of paper", on the ground that circumstances had changed?

Keynes felt very strongly on the question of hypocrisy. "The German delegation did not succeed in exposing in burning and prophetic words the quality which distinguishes this transaction from all its historical predecessors — its insincerity." What he had in mind was that the Treaty was couched in the language of idealism, justice and humane consideration, derived

from the great pronouncements of President Wilson, while in its actual terms it was vindictive on large issues and full of petty spite.

The distaste for hypocrisy is not peculiar to Keynes; I believe that all the British dislike it. They are often accused by foreigners of being a nation of hypocrites, but they deem this accusation unjust; Dickens's castigation of Mr. Pecksniff was one of his most popular excursions. Keynes' dislike of hypocrisy, however, exceeded the common measure; we have seen this characteristic throughout. Long ago at the India Office he was enraged that a man should be dismissed for an offence of which he was innocent, although there were other good reasons for dismissing him.¹ In undergraduate days his dislike of Victorian humbug was a point of common sentiment with Strachey. Even at Eton we have his reference to Maleking – "The papers call it a fervent thanksgiving from the heart". I don't think that we are quite such hypocrites here."

The main matters in the *Economic Consequences* which require discussion may be grouped under the heads of three propositions:

- (1) It was right and expedient that the terms of peace should be magnanimous.
- (2) The sums demanded in reparation were beyond the realms of practicability.
- (3) The economic problems of Europe were much more important than the political questions of frontiers.

The first proposition was not argued at length, but is implicit throughout the book. The second was its main theme, but the third was also argued at length, and, if it is correct, it reinforces the importance of the second. It is natural that the ordinary man should associate the book above all with the first proposition, although it was not argued. It is the most controversial. After the second and third propositions had been widely accepted, doubts were still entertained about the first, and there was, not unnaturally, a revulsion from it during the Hitler period. In assessing Keynes' lasting influence on world affairs, it is necessary to come to grips with the first proposition, although we lack the benefit of his explicit defence of it.

It was the task of the Peace Conference to honour engagements and to satisfy justice; but not less to re-establish life and to heal

¹ Cf pp 123-4.

wounds. These tasks were dictated as much by prudence as by the magnanimity which the wisdom of antiquity approved in victors.¹

Yet the financial problems which were about to exercise Europe could not be solved by greed. The possibility of *their* cure lay in magnanimity.²

I cannot leave this subject as though its just treatment wholly depended either on our own pledges or on economic facts. The policy of reducing Germany to servitude for a generation, of degrading the lives of millions of human beings, and of depriving a whole nation of happiness should be abhorrent and detestable, — abhorrent and detestable, even if it were possible, even if it enriched ourselves, even if it did not sow the decay of the whole civilised life of Europe. Some preach it in the name of Justice. In the great events of man's history, in the unwinding of the complex fates of nations Justice is not so simple. And if it were, nations are not authorised, by religion or by natural morals, to visit on the children of their enemies the misdoings of parents or of rulers.³

Whatever may be said about the merits of magnanimity in the particular circumstances of the case, and about its relation to the French standpoint, it must be observed that Keynes' upbringing and environment made it utterly unthinkable that he should take any other view. He reminded English readers of what was bred in their bones, and scorned to develop the case further. High-minded Cambridge of the great Victorian era, "the Society," the sage thinkers of refined feeling who were his immediate seniors, Whitehead, Trevelyan, Goldie Dickinson, all this world would accept the precept of magnanimity without question. There is no need in this connection to cite G. E. Moore and his Bloomsbury disciples, who may have carried their idealisms to unpractical extremes. Men of culture, in Cambridge, in London, throughout Britain, whose thoughts were conditioned by the reading of Shakespeare and other great masters, men rooted too, even when agnostic, in the ethics of Christianity, thought alike on this matter. This was Keynes' world. He was in it, of it. A trip to the Hotel Majestic could not change his nature. The question is not simply, Was Keynes wrong? but, Were the presuppositions of British civilisation, as established during the Victorian period, impracticable in 1919? What was peculiar about Keynes was that he kept his head in the maelstrom, and voiced the

¹ *The Economic Consequences of the Peace*, p. 23. ² *Ibid.* p. 135. ³ *Ibid.* pp. 209-10

sentiments of the civilisation to which he belonged.

This way of thinking was not confined to scholarly and intellectual circles. Such thoughts were also in the minds of Asquith, Edward Grey, Robert Cecil and other eminent statesmen; from across the sea we had the imperial contributions which, if not specifically British, were derived from the same cultural roots — those of Botha and of Smuts. And in *The World Crisis* (vol. v) by Mr. Winston Churchill, whose views will be considered presently, we find these moving words which relate to the evening of the day upon which the Armistice was signed: "My own mood was divided between anxiety for the future and desire to help the fallen foe. The conversation ran on the great qualities of the German people, on the tremendous fight they had made against three-quarters of the world, on the impossibility of rebuilding Europe except with their aid."¹

We may go further and say that this mode of thought was not the exclusive property of deep thinkers or eminent statesmen, but was characteristic of the ordinary British citizen. It was part of the British way of life. History illustrates it. Indeed, old-time British statesmanship has been rebuked for carrying the leniency of peace treaties based upon hard-won victories to the point of folly. That the generous instincts, of which at the moment Keynes was the lonely spokesman, were really characteristic of the British is borne out by the fact that within a short space of time his had become the settled British view.

How came it then that Lloyd George, who was at times assailed by generous impulses in the course of the proceedings at Paris, felt that he must be harsh and even vindictive because of public opinion at home? That is a paradox which requires explanation.

Up to a point the explanation is simple. Human nature had been taxed beyond endurance. The horrors of the war were greater than had been known for many generations. It is not surprising that primitive emotions had been roused. At the end of the war very decent people were talking of the Germans in language which four years earlier would have seemed unthinkable in any circumstances.

But over and above this, the general election of 1918 involved a vulgarisation of British public life. That is really the gravamen of those who thought ill of Lloyd George's proceedings. The

¹ P. 20.

British constitution has drawn much of its virtue from the party system. Through the creeds of parties British citizens received political education. There were certain fixed principles. If new situations arose, the humble citizen who belonged to a party had some idea of the way in which those principles should be applied. The party, which as a social organism had some maturity, dispensed the individual member from the task, which might be beyond him, of creating a political philosophy for himself. The churches, established and dissenting, also had their fixed principles and made some contribution to the stability and coherence of political thinking.

As time went on, with the enlarged electorate, a fluid social and economic system and, it must be added, with the women — on whom party doctrine did not have so strong a hold — receiving a vote, there were growing numbers of the electors whose politics were not based on well-defined doctrines. It was these who were the ready prey of the vulgarisers in political journalism and, finally, in political leadership. They needed their clichés. Lacking settled principles, such slogans as “Hang the Kaiser”, or “Squeeze the lemon till the pips squeak” gave them convenient matter for private oratory. Such ideas had no relation to any fixed system of political morality. They responded to a transient emotion and were good matter for declamation.

In this vulgarisation Lloyd George played his part. Unluckily at the time he was himself deracinated. At heart he was still a Liberal, but at the end of 1918 the solid phalanx of official Liberalism was opposed to him. He was not a Conservative. Somehow he must seek to win the greatest possible number of votes. It was an irresistible temptation to follow in the footsteps of the vulgarising journalists and make a specious appeal to the momentary emotion of hatred for the Germans. Thus he collected his Parliament of what Keynes’ “conservative friend” (Mr. Baldwin) called “hard-faced men who look as if they have done very well out of the war”. This Parliament became his master.

It should be observed at this point that, in spite of the fierce anti-Germanism which was prevalent at this time, there was a strain of idealism in the thinking of the great majority of people. This opportunity should be taken to make the world a better place; peace must be ensured; international relations must in future be based on justice and conciliation. In the minds of many this idealism was canalised into support for the new League of

Nations. This was pre-eminently so in the case of Woodrow Wilson. Was this the right answer? Men of genuine goodwill tended to turn away from the vexed problem of Germany, which aroused so much passion, and to concentrate their gaze upon the League, which might in the end harmonise conflicting interests and assuage national hatreds. The trouble was, however, that this was a new experiment, no one could say how it would function; paper constitutions are notorious for belying hopes. Keynes was naturally a supporter of the League. But I suspect that when this was presented to him as a panacea, he may have murmured to himself "another monkey-house".¹ He stated his views upon the League.

The Assembly will meet more rarely and must become, as anyone with an experience of large Inter-Ally Conferences must know, an unwieldy polyglot debating society, in which the greatest resolution and the best management may fail altogether to bring issues to a head against an opposition in favour of the *status quo*.²

Not that he joined the cynics.

While it would be wrong and foolish to conceal from ourselves in the interests of "idealism" the real difficulties of the position in the special matter of revising treaties, that is no reason for any of us to decry the League, which the wisdom of the world may yet transform into a powerful instrument of peace.²

I suggest that Keynes' instinct was sound in not being led away by contemplation of the glorious possibilities of this new paper constitution from considering the immediate and actual human problem of the treatment of a fallen foe. One may dream dreams for the future. That does not exempt one from the painful task of doing what is right here and now to help one's neighbour or one's enemy. This League-worship involved a kind of escapism, of which Keynes was temperamentally incapable.

The actual problem to be solved, with or without the help of the League, and the sooner the better, was the reintegration of Germany into the comity of Europe. I had the privilege of an interview with General Smuts on the subject of Keynes on 8th June 1948, and he stressed that this thought was the basis of their sympathetic co-operation at Paris in 1919. He had become well acquainted with Keynes during the war as the man to whom he went when difficulties arose in connection with the South African currency and who always seemed to have a ready solution. I

¹ Cf p. 223 *supra*

² *The Economic Consequences of the Peace*, pp. 213-4

listened to this revered philosopher statesman as he talked volubly and with full memory of the Peace Conference. He had found himself in agreement with Keynes and had urged him to write the book. He, Smuts, had at first refused to sign the Treaty, but had yielded to Lloyd George's strong pressure, with a reservation that he must be allowed to publish a criticism. He added that it had often been a consolation to him, as he discharged his responsibilities in a far-distant land, to think that Keynes was here in London exerting his influence at the centre of affairs. (Alas, for many years Keynes had less influence on the official world than Smuts may have supposed.) At one point his expression became troubled. He himself brought the question of pensions and allowances into the discussion and gave the version of his intention which I have quoted.¹ "I got into hot water about that." We have seen from the Minutes of the Council of Four that Wilson shared Smuts's interpretation, and, since it was to Wilson that the memorandum was primarily addressed, this is a strong point in favour of Smuts.

"The paramount task", he proceeded "was to bring Germany back into the fold. It was impossible to cut her out. One should think of it in physical terms. Here was a great mass of people in the centre of Europe, with outstanding qualities of industry, scientific ability and discipline. One could not just ignore them or ostracise them. Some means must be found for assimilating them. In 1919 the central problem was the reintegration of Germany, and" -- his eyes flashed fire -- "that is the problem to-day. People should go back to Keynes."

It is not enough for the purpose in hand to establish that Keynes really did represent his countrymen in his lone battle for magnanimous dealing. We have to ask the more exacting question whether this British instinct of generosity was an appropriate one in the world of 1919. In sharp contrast to the view I have outlined was Clemenceau's view as described by Keynes.

In the first place, he was a foremost believer in the view of German psychology that the German understands and can understand nothing but intimidation, that he is without generosity or remorse in negotiation, that there is no advantage he will not take of you, and no extent to which he will not demean himself for profit, that he is without honour, pride, or mercy. Therefore you must never negotiate with a German or conciliate him; you must dictate to

¹ See pp 244-5 above

him. On no other terms will he respect you, or will you prevent him from cheating you. But it is doubtful how far he thought these characteristics peculiar to Germany, or whether his candid view of some other nations was fundamentally different.¹

Was that the view of German relations it would be wise and prudent to adopt in the period to come? This must be looked at.

The broad criticism of Keynes' view may be put as follows: After five years of tribulation, Germany obtained lenient terms in the Dawes Plan and promotion to an equal status in the Locarno Treaty. In the final upshot she obtained relief beyond the wildest dreams of Keynes, for, on her external account, loans from America exceeded her disbursements in reparations, so that she was a net receiver of money until the period of the world slump, when her obligations were suspended. With these advantages she enjoyed a period of comparative and not unsubstantial prosperity in the years from 1925 to 1929, so that Keynes' experiment was in the end tried. And what was the result of it? Hitler.

During the Nazi period there was a reaction against Keynes which embodied much muddled thinking. Mr. Winston Churchill has, correctly in my judgment, gained wide acceptance for the proposition that the Second World War was an "unnecessary" one. For many years after the first war we were in control of the situation and yet we allowed Germany to rebuild her armaments, so that she became far stronger than France, and perhaps stronger than France and Britain together. Was not this the utmost folly? Well then, had we not been too lenient to Germany? And was not this due in part to the influence of Keynes and his pleading in *The Economic Consequences of the Peace*?

Argument on these lines was often superficial. I recall that a Gallup Poll (or some similar enquiry) dealt with this problem by questions as follows: Was the Treaty of Versailles too lenient, or about right, or too severe? This is thinking at a very crude level. Severe in regard to what? There was another way of putting the matter, which has some truth, and yet does not really meet the case, namely, that the Treaty fell between two stools. This implies that all would have been well had it been either more severe or more lenient, and failed because it was middling in this regard. Such a formulation does not suffice either. Surely the right answer was that it was necessary to be severe in those matters in which severity is appropriate, and lenient in those

¹ *The Economic Consequences of the Peace*, p. 29.

matters in which leniency is appropriate. Severity was appropriate as regards allowing Germany to rebuild her armaments and renew aggression; leniency was appropriate in regard to allowing her, subject to suitable penalties, to resume a normal life of moderate prosperity, in conditions in which self-interest would promote progress, and to bringing her back into the comity of nations in the spirit of letting bygones be bygones.

There is no doubt that the French had a case which was intrinsically very strong. Was their just claim for security sufficiently met by the British and Americans? There was the League of Nations, an unknown quantity; there was the Anglo-American guarantee, which failed. (It must be remembered that Keynes' book was written before this failure was known.) Would these two have sufficed? It seems doubtful. Ought not the French plea to have been handled more sympathetically by the British and Americans? Ought not some further method of guarantee to have been hammered out?

Keynes is, I think, open to the criticism that he did not do justice to the problem of French security. To plead that this was outside his purview, since he was dealing with economics, is not perhaps sufficient, since his book was inevitably taken to have a wider application, with its plea for generosity as a general principle. We may admit that his work would have been strengthened if he had shown more recognition of the genuine character of the French fears and claims. However, where he erred, he did not err alone. It was not on this point that he distinguished himself from Lloyd George and those who were responsible on the British side for the Treaty. It might be held against Britain generally that she did not take the French case seriously enough. Where Keynes very distinctly joined issue was on the idea that a reparations plan should itself be part of the security programme. This was confusing two issues. This was applying severity where leniency was appropriate. Keynes never suggested that he would disapprove of military measures to prevent German rearmament. What he did undoubtedly hold was that it was a mistaken and hopeless and wrong policy to seek security against some future German aggression by crushing Germany economically. This was the French aim. Now on this point, which was Keynes' central point, it seems to me that the matter may be judged by reference to what has happened since, and that the judgment goes in favour of Keynes.

What was the object of these onerous financial obligations? The matter may be put quite simply in terms of two alternatives. Was it assumed that Germany would meet the obligations? Or was it assumed that she would not? Let us suppose that Germany, by a heroic effort of self-control, by hard work and living of an austerity unknown in any industrial society, and in a spirit of meek and mild compliance and honourable fulfilment of a treaty signed, achieved an export surplus of the required amount over the period in question. We have a picture of Germany building up a vast export industry, her workers producing and yet not consuming, with a self-discipline that would have been envied by Sparta, and, in this régime of fabulous austerity, her industrial strength being raised to a point exceeding anything that was achieved in Hitler's day. Meanwhile Britain and France would be living the life of lotus eaters, with taxation low, hours of work light, their markets gone, enjoying the well-earned fruits of victory for a period of thirty or forty years. Was it not obvious that, if this were actually to happen, at the end of the period France and Britain would be totally at the mercy of Germany? This clearly was not the way to provide the French with security.

What of the other alternative? German default, followed by sanctions. Was this a satisfactory method of achieving security for France? Did the French really desire to see a long series of German defaults, so that they might have the justification for continuous interference, occupying towns and districts, boycotting, interfering through the Reparations Commission and so forth? Thus would Germany be continually harassed and kept low. This is what actually happened for five years; but surely it should have been perfectly clear that such a régime would be unstable. One could not go on indefinitely with this restless intervention. This instability was bound to be terminated in one way or the other. Either the French would have to make up their minds to occupy the whole of Germany, or the clauses of the Treaty would have to be scrapped and a liberal solution put in their place. If the French had the former alternative in mind, this was clearly foolish. For the right time to have a plenary occupation of Germany, if ever, was in 1919. It was quite unrealistic to suppose that the French, who shrank from such a strenuous adventure then, would have the energy to embark upon it five or ten years later. Thus the whole thing would necessarily end in a liberal solution. And so it turned out. But the five interven-

ing years were a period of tribulation for Germany, which had its effects.

During this period sanctions were applied against Germany for her failure to make payment. These culminated in the occupation of the Ruhr, and in sum proved a fiasco. The French were at length persuaded to change their policy and agreed to the Dawes Plan, which represented a liberal solution. But all these abortive attempts to enforce the financial clauses brought a certain discredit upon the whole policy of coercive intervention. The life passed out of this mode of procedure, and it became widely regarded as futile. Yet the time was to come when such intervention would be by no means futile. It was not on the reparations clauses but on the disarmament clauses that France should have relied principally for her own defence. Therefore, when a fiercely militarist party achieved supremacy in a resurgent Germany and rearmament began, it was highly desirable that the Treaty should be enforced, by military measures if necessary. This is the hub of Mr. Churchill's contention. But military measures had been discredited by their premature use for an irrelevant purpose. The Ruhr fiasco in 1923 was an important contributory cause of the lack of support for the proposal to prevent by force of arms the German remilitarisation of the Rhineland in 1936. How much better it would have been to have had a Treaty in which only the really vital security clauses, namely the disarmament clauses, would require military intervention, and to have conserved one's energies and will-power for that supreme purpose.

Meanwhile the question may be raised whether the severe economic terms did in the event matter so much, since all was changed five years later. To that extent it might be argued that Lloyd George's plea holds, namely that, when passions had cooled, common sense would find a better solution. This is entirely to neglect the importance of the intervening five years. For it was in that period, during which attempts were still being made to enforce the Peace Treaty reparations, that the social structure of Germany was undermined. Inflation persisted for five years, reducing the value of the mark to nothing. This cannot be done without gross injury to society. Keynes has a grave warning, of prophetic character, about the evils of inflation. Since in later days he was to be regarded as something of an inflationist — whether truly so depends on the definition of that term — it is

interesting to observe that his picture of the evils of inflation is as vivid as can be found anywhere :

Lenin is said to have declared that the best way to destroy the Capitalist System was to debauch the currency. By a continuing process of inflation, governments can confiscate, secretly and unobserved, an important part of the wealth of their citizens. By this method they not only confiscate, but they confiscate *arbitrarily*. . . .

Lenin was certainly right. There is no subtler, no surer means of overturning the existing basis of society than to debauch the currency. The process engages all the hidden forces of economic law on the side of destruction, and does it in a manner which not one man in a million is able to diagnose.

. . . By combining a popular hatred of the class of entrepreneurs with the blow already given to social security by the violent and arbitrary disturbance of contract and of the established equilibrium of wealth which is the inevitable result of inflation, these governments are fast rendering impossible a continuance of the social and economic order of the nineteenth century. But they have no plan for replacing it.¹

These words were written at a time when the German mark was "worth less than 2d. on the exchanges". It was to proceed through a long-drawn-out agony to zero. A vast disturbance in the German social order did in fact occur, and many stable elements belonging to the old régime disappeared. Furthermore, these events completely discredited the Weimar Republic. It may indeed be the case that the lamp of democracy always burns low in Germany. Still, it is incumbent on one to make the best use of what is there. If the Weimar Government was not nursed to strength, what should we have? It may well be that, if the German economy had not been overset in the period 1919-24, if more of the older order had been retained, if the Weimar Government had been allowed a successful first act, subject to the observance of the clauses of a more moderate treaty, then Germany would have stood up to the slump, like other nations, without a revolution. This is the gravamen. The reparations clauses doomed the youthful democratic government. It might not have succeeded in any case. But there was a hope, the only hope really, and it was wicked to destroy it — all to no purpose.

Thus I see no inherent conflict between the Keynes judgment on the reparations clauses of the Treaty and the view associated

¹ *The Economic Consequences of the Peace*, pp. 220-23.

with Mr. Churchill, that firmness on the part of the Allies could have prevented the second war. It is not of the laxity of the Treaty that Mr. Churchill has complained, but of the lassitude and fecklessness ten years later. It may be noticed that Mr. Churchill has expressed agreement with Keynes' view of the economic clauses both in *The World Crisis* and in *The Second World War*. In the former work¹ (1929) he made a reservation as regards Keynes which we shall presently consider.

. . . He showed in successive chapters of unanswerable good sense the monstrous character of the financial and economic clauses. On all these matters his opinion is good. Carried away, however, by his natural indignation at the economic terms which were to be solemnly enacted, he wrapped the whole structure of the Peace Treaties in one common condemnation. His qualifications to speak on the economic aspects were indisputable; but on the other and vastly more important side of the problem he could judge no better than many others.

It must in all fairness be admitted that the experiment of a more generous treaty might have failed, that the Weimar Republic might have proved a wolf in sheep's clothing. This merely points back to the question of military security. The economic clauses could give no security, whether they were enforced or not enforced. The French might well feel, however, that even with the new-born League and with the Anglo-American guarantee of their frontier, they could not feel safe. The French had waived demands, put forward strongly by Marshal Foch, for confining the German Reich to the right bank of the Rhine. They had done so with trepidation. When the Americans and British proceeded to default on the guarantee, they felt completely betrayed. It would seem that the British should have had the strongest sympathy for the French, alongside whom they had fought, in this dilemma. On the contrary, in the following period their belated impulses of generosity were gaining the upper hand, and, so far from being prompted by conscience to make some amends to the French, which were indeed due, they showed only mounting irritation. Thus these stupid reparations clauses were clouding the issue at a vital period. The British deplored, and indeed were justified in deploring, the truculent attitude of the French in insisting on the letter of a financial settlement, which the British were coming to believe, partly in consequence of Keynes' advo-

¹ Vol. v, p. 155.

cacy, to be impossible of fulfilment. Yet this was no excuse for lack of sympathy for the new predicament of the French on the military side. The French were impelled to act on the reparations issue in isolation; they failed; they were humiliated; they felt alone and without bearings. This was the beginning of the disintegration of French morale and French policy, which had such disastrous effects in the 'thirties. Keynes' argument was not concerned with all this. The point remains that, since his book was not only an economic argument but also an appeal to magnanimous feelings, and thus had an influence on a wider field of policy, his failure to apply his mind to the problem of French security was a fault. This French problem was really one and the same as the problem of world peace; for, if France was attacked again, a general war would inevitably ensue.

3

Keynes insisted that the peace settlement was infected with unreality because the reparations clauses were impracticable. In a posthumous analysis of this proposition it may be expedient to define the word impracticable more closely than seemed necessary in the heat of advocacy. One may envisage a nation striving earnestly to make a payment, with all its citizens co-operating with the utmost goodwill, working hard and living austere,ly, and all the other nations making it as easy as possible for payments to be received. Alternatively, we may wish to consider what a reluctant, recalcitrant and aggrieved nation can be made to do under the threat of sanctions to be imposed at a distance or on its frontiers. Or we may consider what a nation would do under the lash of an occupying power. The third of these possibilities was ruled out from the beginning, and the first is not acceptable to common sense.

In a recently published book, entitled *The Carthaginian Peace, or The Economic Consequences of Mr. Keynes* (1946), M. Étienne Mantoux has argued that Keynes' objections to the reparations clauses were grossly exaggerated and that payment of the full amount was a reasonable request to make. The author was the son of M. Paul Mantoux, official interpreter at the Paris Peace Conference and an economic historian of distinction. He was himself a young man of great promise, beloved by many; he was killed on active service on 29th April 1945. This book, written

from the French standpoint, although fierce enough in its indictment of Keynes, is not extremist. It was composed when France was under the shadow of German occupation; such a time would not be a good one for perceiving the virtues of Keynes' plea for magnanimity. There are many moving passages in the book and much learning; the author's attempt was eminently patriotic and honourable and does him credit; his work has a power and range which suggest great promise.

Much of the book was concerned with those general questions of policy which have been discussed in the previous section. What has particularly attracted attention is that it set out to make a frontal attack on Keynes, on the ground on which he was supposed to be impregnable, namely, the feasibility of the reparations proposals. It is surprising, therefore, to find how small a portion of the book is devoted to argument on this particular topic. The challenge being so conspicuously daring, one would have supposed that the author would have been at special pains to substantiate it. Yet, in fact, there are only nine pages out of 203 devoted to the central part of the problem, namely, what is known as the "transfer problem". Another six pages are devoted to Germany's power to increase her income internally and six to the question whether other countries would gain or suffer by receiving German goods. The central question remains whether it was possible for Germany to pay out, by an excess of exports over imports, the sums demanded by the Allies. It must be said that the arguments put forward in this narrow compass of nine pages are feeble in the extreme. We are told that the transfer problem has been exaggerated, and M. Mantoux cites as a contrary instance the enormous sums transferred by Great Britain to her Allies and by the United States during the First World War. This is clearly quite beside the point. In this case demand was ready-made. Here were allies requiring munitions, and the materials to make them, in amounts altogether beyond the ordinary. If the United States was able to supply those demands, it was naturally easy for her to have an excess of exports over imports of a large amount. It is surprising that M. Mantoux could advance such an argument seriously. His next instance is worse. He cites the enormous increase of production in Germany secured by the efforts of Adolf Hitler. Then, remembering that he is arguing in a section headed "The Transfer Problem", he adds: "It will, I presume, be argued that the case

is irrelevant, and that the fifteen milliard marks spent annually by Germany on rearmament until 1939 are no measure of her capacity to pay, because the proceeds did not have to be *transferred abroad*." Precisely! He then proceeds to a bitter, macabre joke. "How interesting it would be to ask the citizens of Warsaw, of Rotterdam, of Belgrade, of London and Coventry . . . what they think of this particular piece of argument! All have now tasted in a marked degree the quality of German products." Then in what follows, it appears that this is not intended as a joke after all, on the ground that the production of these deadly weapons involved the same problem as an increase in exports, namely a big internal shift in German industry. But one may shift about one's industry without solving the transfer problem, since that requires finding foreign buyers for the new goods. The next instance is the transfer from the occupied territories to the German account during the Second World War. Here again two factors were present which do not apply to the situation that Keynes discussed, namely (1) an army of occupation to enforce payments, and (2) an abnormal demand for goods arising from Germany's war efforts. So ends this section! It is embroidered with a few cursory theoretical observations. Such being the contents of the part of M. Mantoux's work that directly challenges Keynes' main thesis, his claim cannot be taken seriously.

There is an earlier section, not germane to the central issue, in which he has some statistical criticisms that are more successful. He seems to convict Keynes of carelessness in failing to allow fully for the depreciation of the franc when holding up certain French estimates of damage to ridicule.¹ It is to be regretted that M. Mantoux himself makes mistakes in the opposite sense,² and the

¹ Pp. 102-108.

² Later in this passage Mantoux compares the French claim before the Reparations Commission for 127 milliard francs, condemned by Keynes as a fantastic exaggeration, with the cost subsequently established in 1932 as 103 milliard francs. As the index number of French wholesale prices stood at 335 (base 1904-13) when the Commission reported, and then rose steadily to 784 between 1921 and 1926, which was presumably the most active period of reconstruction, and remained thereafter above 600 until the slump and above 400 until the end of 1931, the fact that the actual cost of reconstruction in this period of inflated prices was only 103 milliards shows that the estimate of 127 milliards in 1921 was indeed grossly exaggerated. Yet by a remarkable piece of jugglery, combining a coefficient for depreciation in terms of gold and one for that in terms of goods in an illegitimate way, Mantoux concludes that the actual cost of 103 milliards was "almost exactly" equal to the estimate of 127 milliards made when prices were so much lower! In this passage Mantoux shows a high degree of irresponsibility.

Mr. J. R. Sargent has made a careful statistical calculation, by applying successive

upshot appears to be that, while the French estimates did not overstate the damage as grossly as Keynes claims, they were by no means all as reasonable as M. Mantoux claims.

In another passage M. Mantoux makes great play with Keynes' predictions.¹ Keynes has rightly gained a reputation for a rather remarkable power of prediction. One would hardly expect hints thrown out in a polemic written in a period of confusion and uncertainty all to be correct. But the main reason why M. Mantoux is able to make quite a goodly collection of apparent mistakes is that he sometimes relates Keynes' forecasts of what would happen, should an attempt be made to carry out the reparation clauses, to conditions in Germany after the attempt had been abandoned.

Since this book was written, an event has occurred which would have enabled M. Mantoux to replace his absurd illustrations about transfer by a good one. During the Second World War, Britain sold foreign investments and incurred heavy war debts, while other factors also began to operate against her trade balance, so that experts estimated that after the war she would have to increase her exports by 50 per cent; this estimate was soon revised to 75 per cent. By the end of 1948 she had achieved the 50 per cent increase. If Germany had made a proportionate achievement she would have exceeded Keynes' estimate of her capacity. Yet, in the Second World War, Britain underwent economic strain and loss which far exceeded those which Germany suffered in the First World War. Germany escaped in the end without payment, but Britain, who fought alone against tyranny in her finest hour, is having to bear a reparations burden much greater than Keynes' estimate for Germany, not for thirty or forty years, but in perpetuity. This burden that Britain has to carry corresponds more nearly to an indemnity than to reparations; for it essentially consists in the main of a retrospective payment for part of the cost of the war to other United Nations.

While Britain may claim credit for the uncomplaining courage with which she has faced this burden and for what she has already

price index numbers and weights, of the cost of French reparations, as established in 1932, in terms of pre-war gold francs, and arrived at the figure of 22.2 milliard. He checked this by taking the figure of 175 milliards of francs quoted in 1932 "as representing the capital value with regard to the gold value of the franc at the various dates of payment" (Mantoux, p. 106) and reached the figure of 23.5 milliard pre-war gold francs, which sufficiently confirms his other figure. The French claim (1921), allowing for the prices ruling when it was made, amounted to 36.8 milliards pre-war gold francs.

¹ Pp. 160-63.

achieved, the illustration does not prove that Keynes was too lenient, for there are three important respects in which the situation differs. In the first place, Britain has had the advantage of assistance on a large scale towards recovery. There were the American and Canadian loans, amounting to £1250 million, and there has been "Marshall Aid". The loans were similar to the assistance which Keynes proposed at the eleventh hour in order to retrieve the European situation, but which was not granted.¹ On the contrary, Germany was expected to pay no less than £1000 million in the first two years. This proposal was an object of Keynes' special criticism.

Secondly, Britain has had an advantage, which would not have accrued to Germany, in having one of her principal competitors in foreign markets laid low. This time the victorious powers have adopted a policy diametrically opposed to that recommended to them by M. Mantoux, a kind of inverse reparations. Instead of making it incumbent upon Germany to increase her industrial capacity and compete furiously everywhere, we have reduced her industrial capacity and her power as a competitor.

The third and most important point relates to the will to achieve. This brings us back to the precise definition of what is practicable. If Britain had had to raise her exports, not in order to achieve balance and regain her fair prospects in the world, but in order to meet a levy imposed by victors, would it have been psychologically possible for her to make the tremendous effort which she has made in the last three years? Would she have done this, even if threatened with sanctions on her frontiers? Again, we might wonder if she would have achieved it, even if occupied by a victorious power. It remains doubtful what the Allies could have extracted, even had they embarked upon the heroic task of total occupation of Germany. We lack experience of what civilised white men will do under the lash. It must be remembered that the proposed surpluses represent greater output per head than backward people ever produce at all. They could only be gained by the utmost exertion of skill, ingenuity and applied science. Thus the example is indecisive. It suggests that Keynes erred on the side of leniency; yet when psychological factors are taken into account, he may have been in the right.

Finally, we have to deal with the third proposition, namely, that the economic issue was more important than the political

¹ Cf. pp. 246-8 above.

questions that had to be decided. "To what a different future Europe might have looked forward, if either Mr. Lloyd George or Mr. Wilson had apprehended that the most serious of the problems which claimed their attention were not political or territorial but financial and economic."¹ This opinion was supported by a review of the state of Europe in chapters 2 and 6.

The statement that economics was more important than politics was in itself a political judgment. We have seen that two distinguished authorities, Eyre Crowe, and Mr. Churchill writing in 1929, had doubts about Keynes' qualifications in the political field. But it is necessary to distinguish. Crowe at least was probably thinking of politics in the narrow sense, namely, the ways and means of diplomacy. We may also think of political wisdom in a broader sense, namely, judgment about what forces are likely to rouse passions and sway men's minds towards revolution or war. In this broader sense Keynes' aptitude may not have been so deficient. Indeed, it may have been superior to many of his contemporaries.

He opened chapter 2 by stressing the precariousness of that European prosperity, which in the preceding decades we had come to take as a matter of course. "After 1870 there was developed on a large scale an unprecedented situation, and the economic condition of Europe became during the next fifty years unstable and peculiar".² This was a characteristic vein of thought in Keynes, the idea that conditions which many accept as normal are in fact dependent on very special circumstances. We have seen it already in his account of the British Gold Standard in his book on Indian currency. The theme was to recur when he argued that full employment was not the inevitable consequence of the working of a free enterprise system, but had occurred before 1914 owing to a number of favourable factors. The precariousness of European prosperity was analysed under three heads — the pressure of population, entailing an abnormally large dependence on overseas supplies; the intense division of labour in Europe, which made the surrounding countries peculiarly dependent on German prosperity; and the insecurity of the psychological basis of capitalism. The second of these points was the most germane to his topic, and perhaps the most valid. In chapter 6 there was a fine account of how economic convulsion gives rise to inflation with all its concomitant evils.

¹ *The Economic Consequences of the Peace*, p. 134.

² *Ibid.* p. 7.

It is not necessary to agree with Keynes in detail on all these points. In reading the book one feels that he was tentatively and no doubt hurriedly searching for arguments to support a conviction, which was itself more solidly based than the supports which he outlined. It was in fact what we have come to call a "hunch".

And now, as we look back over those twenty years between the wars, do we not find that it has indeed been economic disturbance that has been the main cause of our troubles? The great successive political crises have in fact been caused by economic disorders. It was economic turmoil that so inflamed the impatience of millions of Germans that they were willing to accept the Nazis as their leaders and saviours.

"If we aim deliberately at the impoverishment of Central Europe, vengeance, I dare predict, will not limp. Nothing can then delay for very long that final Civil War between the forces of Reaction and the despairing convulsions of Revolution, before which the horrors of the late German war will fade into nothing, and which will destroy, whoever is victor, the civilisation and progress of our generation."¹ The policy of impoverishment was called to a halt five years later, and the full effect of its initial enforcement was delayed for a period. Keynes' financial colleagues often noticed that he made predictions of remarkable accuracy regarding forces likely to affect the values of assets, but was at fault in the timing. He predicted that events would occur during the coming weeks that in fact occurred six months later, or predicted something in six months that occurred two or three years later.

I see in the passage I have quoted a dim presage of the Nazi violence which in due course developed with effects that are still unfolding. The prediction was not clothed with detail, but was justified in its trend. I see in it political wisdom of the higher kind. It has an uncanny insight into the kind of things which were to happen, and a modern flavour beside which the vaticinations of his contemporaries in that period seem stale and obsolete.

There is one final point which must be considered. Keynes has been taken to task on the ground that his book, with its discouraging picture of Europe, contributed towards driving the Americans into a policy of isolationism. This is clearly an important point and has damaged Keynes' reputation in the minds of some.

¹ *Ibid* p. 251.

We may first consider the question of the rejection of the Peace Treaty by the United States. Upon this Keynes' book had no influence whatever. The decisive vote in the Senate occurred on 19th November 1919, when a resolution for unconditional ratification, requiring a two-thirds majority, was defeated by fifty-three votes to thirty-eight. *The Economic Consequences of the Peace* had not yet appeared. This vote was not affected by the economic clauses, which the Americans regarded as outside their province. The main issue was the League of Nations, and next in importance the Shantung settlement. Reservations were proposed which Wilson could not accept. Of these the one bearing on reparations merely stipulated that the Reparations Commission should not regulate or interfere with exports from the United States to Germany or from Germany to the United States, save by means approved by a joint resolution of Congress. This reservation alone would not have killed the Treaty, and it was certainly not inspired by Keynes.

It is true that negotiations proceeded until the following February; and that, as soon as the book came out, passages were quoted by Wilson's enemies. But throughout this period the League of Nations was the principal obstacle to acceptance, and there were no indications that this obstacle could be overcome. *The Economic Consequences of the Peace* was neither here nor there. Keynes can be entirely exempted from any shadow of responsibility for the great American decision, which was to have such a vast effect on the working out of the European settlement.

The critic may return to the charge and urge that the book reinforced the sentiment of isolationism in the following years. It is incumbent on him to specify precisely how, but for the book, the situation would have developed differently. After all, it was not the book, but the actual course of events in Europe, culminating in the fiasco of the Ruhr invasion, that mainly swayed the Americans. The book did little more than give pleasure to them by confirming their worst suspicions. Yet the Americans did not remain altogether aloof; after the settlement devised by Dawes, himself an American, their financiers lavished their money upon Europe. In so far as the book, by its influence on British opinion, prepared the way for such a settlement at an earlier date than might otherwise have been possible, it expedited American assistance to Europe. No doubt any self-disparagement has unfortunate repercussions abroad. The allegations against Keynes

in this respect have been grossly exaggerated, and without sense of proportion or regard for chronology.

And so he had said what he believed. He incurred great odium in official circles and was for many years in the wilderness. This was a turning-point in his career. Hitherto, although spurning the India Office, he had been drawn more and more into consultation in official circles. His reputation steadily grew. His war work had been supremely efficient and was praised by all. His fertility of ideas seemed boundless. Knowledgeable persons before 1919 would have pointed to him as the man likely to have the biggest inside influence on the conduct of our financial affairs in the coming time. But now he had burnt his boats. He had appealed against the authorities to a wider public. The official world could no longer use him.

There was a compensation. In the period after 1919 his main energy was directed to guiding public opinion on current topics. But, as the years passed, his thought deepened and he began to suspect that our persistent troubles were not wholly due to mistakes and follies, but were largely caused by a deep-seated malady in the system of free exchange. He set himself to devise remedies which would enable that system to survive by curing it of its main defects. And so it happened that when the second great catastrophe came, he had armed himself to stand forward at the new dawn of things, not as a critic, but as a constructor. Is it an exaggeration to cast him for the rôle of the "Prince" when the second war drew to its close? After all, the United Nations Organisation does not contain new ideas of great import. Men had come to believe that the economic issue was the crucial one. Keynes was at hand now with his timely message that the system of free enterprise could be made to function better, that employment could be sustained at a high and stable level, that trade depression could be avoided, and that the nations could co-operate to ensure that these benefits were enjoyed on a world-wide scale. Keynes, more than any other man, seemed to be the bearer of doctrines which gave new hope. Three new personalities were now astride the world. American affairs were in the hands of one greater than Woodrow Wilson. In Britain was a man "with a policy deeply grounded in permanent principle, tenacity, honesty, loyal leadership".¹ But a happy ending was not to be achieved easily. Once again in the drama, as it unfolded, there

¹ Cf p. 260 *supra*

were hints of tragedy. One great man was stricken down by death, another removed from power for the time being by the exigencies of party politics, and on the face of the third a hostile expression began to appear. And then — the “ Prince ” himself was taken from us. Were “ the forces of the half-world ” to triumph again on this second occasion ? There was still a gleam of hope. “ Prince ” Wilson had wielded his power by oratory and statesmanship ; Keynes’ strength lay in his ideas. Ideas do not die with the man. Thus it is still possible that the powers for good may regroup themselves, and the weary nations leap forward to new prosperity.

CHAPTER VIII

RECONSTRUCTION

1

ON 5th June 1919, while Keynes was spending his thirty-sixth birthday lying on his sick-bed in Paris, Clive Bell and his Bloomsbury friends were having an enjoyable and indeed a thrilling evening. It was one of those rare first nights when an English audience allows itself to be carried away on a great wave of enthusiasm — the first performance of the *Boutique Fantastique*. Every foot of standing room in the Alhambra was occupied. The *Oiseau de Feu* was given first and applauded; but it was plain that expectancy was concentrated on the new production that was to follow. Throughout the *Boutique* ripples of applause ran through the audience, and when the Can-Can dancers appeared, the house was drowned in a great roar of "Massine! Lopokova!" Excitement continued to mount. Expectations were surpassed. All agreed that the performance was superb.

The whole season was one of great triumph for Diaghilev. In the reaction from the sorrows of war phlegmatic London was in a receptive mood, ready to entertain new experiences and appreciate new forms of expression. When the utterances of political leaders were reaching their lowest depths and the news from Paris was blurred and depressing, the voiceless beauties of the ballet seemed to bring a new message of hope. The world was going awry; but here before our eyes something was enacted which achieved perfection. We could console ourselves that man's powers were not decaying.

Bloomsbury shared in the enthusiasm; contacts made in 1918 were revived, and once again the painters and dancers flowed in and out of 46 Gordon Square. It was rather a strange confluence; for there on the one hand were Derain and Picasso and these wonderful Russian dancers, and there on the other was a group of rather academic English folk, talking quietly, critically, intellectually, stretching out their hands with gestures of warm welcome

from a background so very different. Under the stimulus of their appreciation for these great foreigners, they dissolved and became exuberant. Keynes arrived in the midst of all this on his return from Paris. What a change of atmosphere! Towards the end of the season he helped to organise a great party in Gordon Square, a culminating occasion of gaiety and revelry. Unhappily Lydia Lopokova, the brightest star, had temporarily withdrawn herself from the ballet and disappeared from the scene of action.

In these months of June and July Keynes divided his time between London, Cambridge and Charleston. Important decisions had to be taken. It was clear to him that he did not wish to return to the pattern of his pre-war life, in which he had had to work so hard at teaching, external examining and other minor chores in order to make a reasonable livelihood. He felt he had a vocation now to intervene actively in shaping public opinion. He had knowledge and experience and a clear vision of what ought, and what ought not, to be done. He must not become so cluttered up with routine work as to be unable to give his main energies to the salvation of Europe.

No doubt there was another strand in his thinking. Although he entered with zest into his teaching work, and enjoyed it thoroughly, he had never felt attracted by the prospect of the life of an ordinary college tutor. Something had always beckoned him to a wider field of action. Could he not find a way of combining his work for King's, which he loved, with other work in London, which might be more remunerative and would keep him in touch with the centre of affairs?

Money was certainly a problem. He had no inheritance, and, so far, had had no business connections. But he felt that his experience in the Treasury could be turned to good account; one who had managed the external finances of the nation during the war with acknowledged success would surely have some market value in the world of finance. He must look around. By temperament he was courageous and always ready to take risks. In June 1919 he decided to reduce his University and College commitments, in the hope that something would turn up.

Accordingly, he explained to his College that he did not wish to be too heavily burdened with pupils. He informed the University that he would lecture once a week only, namely on the "Economic Aspects of the Peace Treaty". (As a consequence of this he resigned his Girdler lectureship in May of the following

year.) There was some discussion in June about bursarial matters at King's; a committee had already reported with the suggestion that Keynes be asked to undertake duties in connection with the College finances and accounts. No doubt the College wished to obtain the benefit of his expert knowledge, but it was not yet ready with a definite proposal. Only in the following November was he appointed Second Bursar. The stipend was £100 a year!

A proposal came to him during June to be Chairman of a foreign-owned bank at a salary of £2000 a year. It was explained that the duties would not be such as to occupy him more than one day a week or interfere with his academic duties in Cambridge. A tempting offer for a man, whose academic appointments were apt only to bring him in sums of the order of £100 or £200 a year. He consulted Sir Robert Kindersley, Mr. Brand and Mr. Falk. The Bank was concerned with the finances of Scandinavian trade, and Keynes had some doubt whether he would have effective control. There was also the idea that a foreign connection might jeopardise other appointments in the City. His friends advised him against accepting, and he took their advice.

J. M. Keynes to Mrs. Keynes, 6th August 1919

Charleston.

After a very feverish ten days in London, I have settled down here for the rest of the summer. The weekend before last I spent at a rather amusing party at the Asquiths, — the Grand Duke Michael and Countess Torby, Mrs. Keppel, the Countess of Crewe, etc. etc., old-world celebrities as you see, off whom I won £22 at bridge. On the following Tuesday I gave a party at Gordon Square to round up the season, which was judged a great success, — I was too much occupied with the strenuous staff work of host to see much of it. We sat down thirty-three to supper shortly before midnight and did not rise from table until half-past one. It is astonishing what the resources of a household are, when pushed. The next evening was amidst great excitement the last night of the ballet, all of my various worlds being there. I also kept various business appointments, gave evidence before the Indian Currency Committee, addressed the Fight the Famine Council, opened a discussion on the Peace Terms at a city Dining Club, and lunched and dined out every day, — after which I was quite ready for the country. It's amusing to pass from Cambridge, where I'm a nonentity, to London, where I'm a celebrity.

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I have arranged for my book [*Economic Consequences*] to be published by Macmillans.

Here my breakfast comes at 8 and my book occupies me until lunch, before which I am not seen in the public rooms. After lunch *The Times* and after *The Times* gardening until tea time. After tea my correspondence. All very regular. I have brought my own servants down here, as the total party is large, and Gordon Square is shut up.

Old Asquith, by the way, is coming to next King's Founder's Day as my guest and will probably stay the weekend.

During August and September he was immersed in writing his famous book, but not so immersed that his mind could not dwell on other matters also. Early in August he began a new career, which he was not to relinquish for many years, that of a speculator. Depositing a modest cover with Mr. Falk's firm, he began buying and selling foreign currencies forward in large quantities. His operations included the rupee, the dollar, the French franc, the mark, the lira and the Dutch florin. Broadly, he tended to be a bull of dollars and a bear of the European currencies. His trading was active and continuous, large amounts being bought and sold every few days, but it was always based on his judgment as an economist, and not on rumours of the market-place. He soon found that he was making substantial profits.

J. M. Keynes to Mrs. Keynes, 3rd September 1919

I haven't lived such a regular life for years and am very well.

My diversion, to avoid the possibility of tedium in a country life, is speculation in the foreign exchanges, which will shock father but out of which I hope to do very well.

At this time he entered deeply into certain plans of Mr. Henry Strakosch for setting up a new company to sell South African gold. He and Strakosch were to be the managers. It was felt that existing marketing arrangements could be improved. There was active discussion throughout the autumn; there was a meeting with the Rothschilds and consultation with the South African Government. In the end it was decided that it would be undesirable to start operations until the South African Government had defined its currency policy more clearly. Early in 1920 General Smuts wrote to Keynes asking him to come out to South Africa for two months to define their currency policy for them, but the

invitation was declined. He was all in the midst of laying the foundation of his career in the City of London, his book had just appeared and he ought to be ready to take part in any controversies arising out of it, and he did not wish to make a break in his College duties, so lately resumed.

Meanwhile another opening had occurred. In September, through the intervention of Mr. Falk, he was invited to join the Board of the National Mutual Life Insurance Company, of which he became Chairman in 1921, a position which he retained until 1938. His financial career was beginning.

In the midst of writing and business, he was keeping his eye on developments in Europe. Early in October he was invited by Dr. Vissering to attend a meeting of experts on international finance which was organised by the Bank of the Netherlands. The agenda was to consider how the credit-worthiness of the principal nations could be revived and an international loan floated. Keynes was encouraged by the constructive attitude of the Dutch and went to another meeting later in the year.

Macmillan's were doing his book. He was anxious that the first edition should be a large one and consist of at least 5000 copies. He had confidence that it would interest the public. After discussion, it was agreed that he should take the risk himself and pay for the publication, giving Macmillans a royalty of 10 per cent. (He had shared profits on *Indian Currency and Finance* on a 50-50 basis.) By paying for the publication he gave himself the prospect of much bigger profits should the sales prove large. In the long run this arrangement with Macmillans was highly advantageous for him, since his other books were published on the same basis, but misfortune dogged *The Economic Consequences of the Peace*, both as regards the 5000 copies and, as we shall see presently, his profit on the book.

It was printed by Messrs. R. & R. Clark of Edinburgh and the sheets came to London by sea; a ship carrying 2000 copies was driven eastwards by storm and finally wrecked; the copies were thrown overboard in order to lighten the load. Thus, after all, the book went out of print soon after it appeared. Meanwhile the kindly waves of the North Sea were carrying the precious sheets in an easterly direction, and, lapping gently upon the coast of Denmark, brought three large bales safely ashore. The pages had not been much injured by the water. Keynes first heard of this from an old Cambridge man, Mr. David Pritchard. The

sheets were sold by public auction in Denmark.

He was having trouble on the American side. He consulted Mr. Felix Frankfurter, who passed through London on his way home from the Paris Peace Conference, where Keynes had made friends with him. Frankfurter offered to help and took a copy back with him. On the boat he showed it to two fellow passengers, Brandeis and Graham Wallas, who pronounced it to be a great work. On arrival he gave it to Mr. Walter Lippmann, then a reader for the recently founded firm of Harcourt Brace & Co. Frankfurter wrote back explaining that this was a new firm, but that he had consulted people of judgment who thought that it would do well. Keynes characteristically replied that he had complete trust in Frankfurter's discretion; let him go ahead.¹ The early success of Harcourt Brace was not entirely unconnected with their publication of *The Economic Consequences of the Peace*. A year later Keynes persuaded Lytton Strachey to change his American firm and undertook all the negotiations with Harcourt Brace for the publication of *Queen Victoria* in America.

The *Economic Consequences* appeared in England at the end of December 1919, and a month later in the United States. Its impact on the public mind was immediate and its reception tremendous. Long reviews appeared in all the papers, in the United States sometimes with banner headlines. For a month it was the main topic of conversation.

Reviewers predisposed to agree with its opinions were lyrical in its praises. All used such phrases as "a book that will have to be most seriously considered", "the most important book which has appeared since the Armistice", "more exciting than a novel". Many reviews were hostile; but only a few very insignificant papers presumed to make light of the book. The rest, even when advancing what they deemed to be weighty criticisms, paid it the compliment of careful attention. They made it plain that an effective blow had been struck and that the reply must be well thought out. One has the impression that, even on the first round of discussion, most critics took defence of the economic clauses of the Treaty to be rather a forlorn hope; they made the most of the writer's lack of political experience and background. There was also much stern rebuke. An ex-member

¹ Frankfurter also arranged that extracts from the book should appear in the *New Republic*. For many years thereafter this journal provided an important outlet in the United States for Keynes' views.

of the Treasury, who had been at Paris, had no right to make an attack on a treaty to which his country was party. The portraits of the Big Three were said to be in bad taste. Lacking good argument, the critics took refuge in moral censure. There was another sentiment, sometimes mounting to passion, in the hostile reviews, which was more respectable than the moral reprobation, because more genuinely felt, namely, violent displeasure at what one reviewer called Keynes' "fervent indifference to German criminality". Lloyd George was no doubt right in deeming that an intense hatred of the Germans was still widespread, and Keynes' plea that the terms were impracticable as well as unjust was brushed aside by the torrent of hostility to the defeated enemy. This choleric pugnacity outlasting the war makes curious reading for one who has lived through the aftermath of the second war, in which the Germans displayed attributes much more detestable. Is it that the British have grown too weary to nurture lusty feelings of indignation? Or is it possible that moral standards have risen since the close of the first war? Is it possible, even, that Keynes' own influence has altered the feelings of the younger generation about decent behaviour in victory?

He was inundated with requests to write and speak, refusing most. In January 1920, however, he made a little tour and addressed three meetings in Liverpool and Manchester. One of these was organised by the League of Nations Union. There were violent protests against that organisation having anything to do with such a man.

Yet, despite the vehement denunciations, the bluster and the moral reprimands, Keynes' arguments quickly sank in. Those of leftward opinions acclaimed a new leader; those of the centre and right were deeply impressed, for Keynes had certain qualities which sharply distinguished him from other writers of the left. He had a strong vein of realism which appealed to the type of mind that disliked Utopian fervour. He appeared to be in touch with actuality, to understand how things worked, to be a connoisseur of the high affairs of state beyond the grasp of ordinary folk; despite his radicalism, he seemed to many on the Conservative side to be one of themselves, because he spoke in terms of reality and not vague aspiration. They looked one another in the eye: "I suppose this fellow is right; I suppose we have made a most fearful hash of things".

Keynes retained his poise. He paid no attention to personal

attacks; they were a matter for his own conscience, and that was clear enough. Very soon he felt justified in taking the view that his main battle was already won. All those of reasonably good information had been convinced by his arguments that the Treaty was unworkable; the only remaining difference of opinion was whether to have an outright revision or to trust that in the working the terms would be changed out of recognition. Mr. John Foster Dulles wrote a long letter to *The Times* on 16th February defending the American delegation at Paris, while admitting that he had "reached the conclusion, although with considerable doubt, that pensions and separation allowances were not properly chargeable to Germany". He placed his hopes on the wisdom of the Reparations Commission in making an intelligent alleviation of terms and modes of payment, "in the event that they should prove to be excessive". Keynes made a long reply on 19th February in a strain of confidence. "It is more than two months since my book was published, and it has attracted much notice and many readers. I have been criticised on various grounds, personal and otherwise. But no one has made a serious attempt to traverse my main conclusions. The illuminating influence of time has done its work, and those conclusions no longer conflict with the instructed opinion of the day."

Reference may be made to another letter in *The Times* on 27th February, since Keynes' answer to it (1st March) is worth quoting as a fine example of economy in controversial writing. The letter of Keynes' critic consisted of 259 lines in the columns of *The Times*. Keynes' answer consisted of 27, as follows:

SIR,

On November 5th, 1918, the Allied Governments, subject to two qualifications, "declared their willingness to make peace with the Government of Germany on the terms of peace laid down in the President's address to Congress of January 8, 1918, and the principles of settlement enunciated in his subsequent Addresses". I have argued that this agreement was not kept, and that its breach is dishonourable to us

— 's letter, which you publish to-day, is directed to the contention, not that the Treaty is in fact in accord with these terms and principles, but (1) that, as there was no independent authority in a position to endorse this agreement, it was not a "contract", and (2) that some of the terms and principles in question were so lacking in legal precision that their interpretation "might be argued for

months without any irrelevance or waste of time". What, for example — this philosopher asks — are "rival States"? What is a "group of nations"? What "territorial settlements" were "involved in this war"? It is an extraordinary commentary on the workings of the human mind that ——— should believe that he has thus contributed to the establishment of our good faith.

I am, Sir, your obedient servant,

J. M. KEYNES

In the United States there was less moral reprimand, and the anti-German fury seemed to have died down. There too, however, he had many critics. There was some exploitation of his book by the political opponents of the President, and Senator Borah read long quotations in a speech in Congress on 10th February. Some reviewers spotted that in the controversy about the League, which had been raging for six months, the Americans had been arguing off the point and were now being taught for the first time what the Treaty was all about. However, it was too late to change, and the Treaty was already doomed to defeat on account of arguments previously adduced. Friends of the Treaty pointed out that the economic plight of Europe, as shown in the book, made it all the more necessary for the Americans to play their part in the League and the Reparations Commission in getting wise and helpful decisions.

In his constructive proposals Keynes had voiced the view that the present governments of Europe were untrustworthy, and that a change was necessary if progress was to be made. "If I had influence with the United States Treasury, I would not lend a penny to a single one of the present governments of Europe."¹ This sentence was seized upon and given a banner headline in some American newspapers.

Professor Allyn Young, who had been an expert in the American delegation at Paris, had some correspondence with Keynes about the book and gave publicity² in America to the following passage in a letter which he received:

J. M. Keynes to Professor Allyn Young, 28th February 1920

As regards my picture of the President, you must remember two things: one, that I wrote it in July immediately after I left Paris and

¹ *The Economic Consequences of the Peace*, p. 267.

² *The Republican*, Springfield, Mass., 1st April 1920.

before I had any knowledge of his illness, and, two, that although it is generally taken as an attack on him, I intended it not so much as an attack as an explanation. Many persons here believed that in spite of appearances the Treaty must be in accordance with our engagements, because the President had acquiesced in it. I thought it necessary therefore to give a human explanation of how it came about that this was not so. In spite of everything I say about him, and of all my disappointments, I still believe that essentially the President played a nobler part at Paris than any of his colleagues.

Keynes could feel satisfied with the effect that he had produced on opinion in England at the price of aspersions on his character. It is interesting to record that at this time, when many pompous persons were looking down their noses and reviling him as a backslider, he was by no means completely outcast. On 4th January Bonar Law had him to dinner. On 2nd February Austen Chamberlain, then Chancellor of the Exchequer, wrote to him to obtain his personal opinion whether the recent rise in the Treasury bill rate had been a wise move. While journalists castigated him for letting down British Ministers, the Ministers in question were seeking his advice. At that time he held the orthodox view that a stiff rise in money rates was desirable in order to check inflation.

He felt that things were very slowly beginning to move in the right direction. In the Easter Vacation he went to Rome with Duncan Grant and Vanessa Bell. These settled down to painting, while Keynes spent much of his time in a social round. He was fêted by Italian Liberals as a great man. He found at the British Embassy an old King's man, Mr. Haslam, and they had much to talk of. This revival of an acquaintanceship had further consequences, for on Mr. Haslam's return to England a couple of years later he proposed to the Provincial Insurance Company that Keynes and Mr. Falk should be invited to act as economic advisers. In 1923 Keynes joined the Board and became President of their Finance Committee, where he guided the investment policy of the Company. He remained a member of the Board throughout his life, and this was one of his city connections which he valued most.

Good news came to Rome of his financial speculations. Since leaving England he had made a profit on francs of about £22,000 to set against losses on dollars of about £8000. He was "indulging in an orgy of shopping of all kinds of objects which in spite of the

difficulty of getting them to England are amazingly cheap. I should think we have bought about a ton so far, including quantities of furniture.”¹ When tired of gaieties, he went with the others to the Sabine Hills and thereafter proceeded to the Berensons. Thus the ways of peace were revived, and his personal prospects seemed fair.

Soon after his return to England they became overcast. His speculations were based on his judgment of economic trends, but they were carried out in day-to-day operations with a very narrow margin of cover. This technique was not really suited to the basis on which his risks were taken. At least, he would require the most consummate skill if he was to match the one to the other. In the later days of May the dollar showed an obstinate refusal to appreciate, and the mark showed an obstinate refusal to depreciate. It was contrary to reason, but such was the case. The mark underwent a surprising and substantial revival.

Looking back, we may deem the use of sterling against the dollar to have been not unnatural. The slump hit America first, and for some months she had been feeling her way towards a policy of deflation. But the Federal Reserve System moved slowly, and its influence on the market was always delayed; there were twelve Banks, each with some independence, and there were numerous Bank Rates, varying according to the class of paper. One could not say that a 6 per cent Bank Rate was generally established until June. The Bank of England retained some of its old skill; it put the Bank Rate up to 7 per cent on 15th May, and that was effective. Although relative interest rates do not exert their normal effect on the foreign exchange when there is no par of exchange, we may suppose that they exert some effect, and that the more efficient deflation on the British side was responsible for the temporary strengthening of sterling. The strength of the mark is somewhat more difficult to explain; it was suggested at the time that American investors were having their first flirtation with German Municipal Bonds, the later development of which, after the new mark had been stabilised by Schacht in 1924, led to such wide-reaching effects. The movement of the mark at this time may merely have been a reaction from its earlier collapse; the other continental currencies also showed an upward tendency. All these movements were short-

¹ Letter to Mrs. Keynes, 16th April.

lived, and when another three months had elapsed the previous trends had been resumed.

Keynes could not wait for three months. As the later days of May ebbed away, it became clear that he was ruined. Between the beginning of April and the end of May he had lost £13,125. A small syndicate, for part of the resources of which he was morally responsible, also lost £8498. Previous gains were wiped out, and his small cover Sales had to be effected. His firm asked him to pay in £7000 to keep the account open. They gave him favourable treatment, which helped to carry him through.

It is clear that, in the last resort, such a call was not beyond the means of his parents. Dr. Keynes had capital and would be ready to help. Maynard Keynes himself argued in retrospect that at the worst point his own assets were just enough to meet his liabilities, on the assumption that he sold all his pictures, books and other possessions; there may have been a little wishful thinking here. However, the position was clearly not irretrievable. It would indeed have been a disaster if the man who had so recently set world opinion agog by claiming to know better than the mighty of the land had himself become involved in bankruptcy. One can imagine the banner headlines. He was never really near such complete disaster.

In the event the call of his firm was met in part by a loan of £5000 from a famous financier, with whom he had no close personal relations, but who knew, through a third party, of his work at Paris and admired it greatly. This was repaid in December. For the rest he had another resource. There was *The Economic Consequences of the Peace*. He had already had large sales in England, and in the course of business Macmillans had advanced him £1000. That had already gone. They would not ordinarily settle his account till after 1st July. He wrote to request an advance settlement in respect of what was due. They promptly sent him a cheque for £1500. Did he finger it lovingly? This was the reward for his masterpiece, a work of passion and anguish of spirit. He had torn himself away from the hateful coils of Paris in order to drain all his resources of knowledge and skill and art into persuading the world to be more wise and generous. It was the great work of his life so far; perhaps he would not achieve such another. There was the £1500 lying on his desk. It was a just reward. But it was no longer his. It would be paid into his bank and at once paid out again, to swell the balances of those sagacious

persons who thought that the mark had a rosy future and the dollar a poor one.¹

2

His parents, whom he took into his confidence about the set-back, did not offer reproaches, but advised caution in the coming year. We may be confident that he had learnt his lesson. The intellectual apparatus would be brought to bear to make quite sure that this would not recur. To expect caution was perhaps asking too much; this was beyond his range; prudence he might conceivably achieve. The loan had sufficed to carry him through. Within a few weeks he was deeply in again, working on the same general lines. He was temperamentally daring and confident of his own reasoning. It would have been against his nature not to back it with all he had. Besides, this was his fight for freedom. He had no inheritance which he could enlarge by more orthodox financial methods. In the previous year there had been some hint that he might be offered a place on the board of one of the great British banks; ² his book had made that quite out of the question now. He was determined not to relapse into salaried drudgery. He must be financially independent. He felt that he had that in him which would justify such independence. He had many things to tell the nation. And he wanted a sufficiency. He must be able to take stalls at the Russian Ballet whenever he wished — and entertain the dancers, if that struck his fancy. He must be able to buy his friends' pictures — and pay them handsomely. These other dealers in money merely squandered their earnings on banal conventional luxuries. He must use his brains to put some of their money into his pocket, where it would fructify, not only financially, but in supporting the arts, and people who really mattered, and in giving his own powers scope.

So he went deeply in. By the end of 1924 he reckoned that the value of his assets, after deducting his large overdrafts, and not counting pictures and books, was £57,797. By the beginning of 1937 it was £506,450. He died leaving about £450,000, if we

¹ Mr. Daniel Macmillan recalls meeting his old friend in the street in the autumn of 1919 and telling him that he was having a little speculation by buying German marks at low prices. Keynes warned him against it, and Macmillan took his advice. Had he *not* done so, Keynes could have settled his account on the book by returning Macmillan his own cheque!

² Not to be confused with the firm offer by the Scandinavian Bank.

include the value of pictures and books.

It is proper to mention that from time to time rumours have circulated among those who did not know Keynes well, that he made his fortune by using inside information when in the Treasury. Such rumours were especially apt to occur among those who disagreed with his opinions on political economy. They may be scotched by the facts.

He had no foot in the Treasury (or any other official position) between June 1919 and July 1940. The operations which he undertook within a year of leaving the Treasury in 1919 cost him the whole of his accumulated savings to date (about £6000) and the main proceeds of the English sales of *The Economic Consequences of the Peace*. His speculative account opened on 14th August 1919, and his fortune reached its peak in 1937. To start with, in order to sustain his operations, he put in a modest cover of about £4000 worth of securities. His firm required 10 per cent. He borrowed small sums from certain members of his family, paying them a handsome rate of interest on the loans. He ploughed back his quick profits and was thus able to pyramid his holdings. Then came the reverse, when he lost all and went outside for help. From this time onwards his position was built up by a gradual process, of which he kept a record.

We may add that to those who knew him at all well the charge appears quite fantastic. He was punctiliously honourable in all financial matters. Not only would it have been entirely inconsistent with his character to have taken advantage of official information, but he had a certain idiosyncrasy, well known to those who worked closely with him, which made it extremely distasteful to him to use ordinary inside business information acquired in a straightforward manner. This was partly based on intellectual grounds. He believed that the safest way to earn was to consider a proposition in the light of the general economic situation and his own judgment as to how that would develop, and to back his judgment. He believed that "inside information" more often than not led investors astray. It was a favourite dictum of his in the 'thirties that "the dealers on Wall Street could make huge fortunes if only they had no inside information"!

There was also a moral side to this idiosyncrasy. He too had his puritan blood. Was there some obscure corner of his nature which evoked that sympathy, which his urbane style could not altogether conceal, for the poor Presbyterian President

in his difficulties? There seemed to him to be something wrong in taking advantage of special knowledge, even when that knowledge had been gained in a thoroughly proper way in the ordinary course of business. It was not quite playing the game. The game was to pit one's intelligence against others who had the same public information at their disposal, so that the reward, when it came, would be, subject to the inevitable risks, the prize of superior judgment. These traits of his character are known to many, who can give the lie to malicious rumour-mongers.

It is convenient at this point to cast a forward glance over his financial dealings. He continued his daily intervention in the exchange markets. Towards the end of 1920 he began to take an interest in cotton, and at the beginning of 1921 he opened an account in this commodity and dealt heavily. Then his interests broadened, and we find him trading in lead, tin, copper, spelter, rubber, wheat, sugar, linseed oil and jute. All this dealing was based on a close study of general influences affecting the world markets in each of the commodities. He maintained this active interest until 1937, when he fell ill and decided to abandon it; it was one of the few sacrifices which he made to the clear need for conserving his energies. During the 'twenties his personal operations were highly speculative, being supported on narrow margins of cover.

He was also interested in securities, and participated in a number of syndicates. In the 'twenties he was very close to Mr. Falk, and they often acted together in a professional way as occasional consultants to firms. In 1920 Debenham & Co. constituted an Economic Committee, on which he and Falk and one or two others served for a period of four years. In 1921 a small investment company was formed, consisting of Mr. Falk, Sir Geoffrey Fry, Sir Frank Nixon, Mr. Dudley Ward, Mr. Trouton and Keynes. The names are familiar! The old "A" Division of the Treasury had come together again, to pool their wisdom, and, to celebrate the fact the company was christened "A.D." Somewhat later he and Falk took part in the formation of the Independent Investment Trust, which was on a somewhat larger scale. Then, later again, he participated in the formation of a very select company, called "P.R." (*πάντα ῥεῖ*). This was a channel contrived by Keynes to enable his close friends to increase their capital. It was, therefore, a matter of particular concern to him. When the slump of 1929-31 came there was a

woeful depreciation, and Keynes had some difference of opinion with his associates. The rights and wrongs of this do not concern us, but Keynes felt it incumbent on him to have the capital divided into four parts, and by the clever manipulation of his fourth he was able to ensure that his friends regained their capital in full.

In the early period he had the idea, which was shared by Mr. Falk, that it should be possible to turn an economist's understanding of the vagaries of the business cycle to profitable account. There should be appropriate movements between gilt-edged securities and equities, and between long-term and short-term securities. For this purpose it was more needful to study business barometers than the qualities and characteristics of any particular asset. It is possible that his services were sought partly because he was supposed to have special *expertise* in interpreting these mysteries. He hoped at one time to assist the fortunes of King's College by applying such methods in the investment of certain funds. It is not clear that this technique ever met with great success, save in one respect, namely, that his confidence in the early 'thirties that the rate of interest would fall and Stock Exchange values be restored to a due relation with the values of the physical assets which they represented, greatly assisted him and all the institutions which depended upon his advice. In due course he himself became sceptical of the practical value of business-cycle theory for the purpose of private gain, and concentrated on the careful choice of particular investments, mainly with a view to their long-term prospects. It is clear that in the early rapid build-up of his private fortune he cannot have relied upon long-term considerations or even upon business-cycle movements; in this case it was quicker changes that he had to take into account; he traded very actively, moving in and out continually.

In the management of his own capital and in these small companies, the aim in early days was to get a quick enlargement of capital, and the method one of extreme boldness, decisions being taken on an economic appraisal of the general situation. At the Bursary of King's College he had to look at matters very differently. Extremely long-term considerations were all-important. He soon acquired a dominating influence over investment policy there, becoming First Bursar in 1924.

In the case of the National Mutual and the Provincial Insur-

ance Companies, he had a different problem again. As with the College, caution was necessary — he was prepared to cultivate this virtue when dealing with money not his own. But in the case of the insurance companies much greater stress had to be laid on liquidity. His success in increasing the revenues of King's was spectacular, and the insurance companies also prospered. It is fair to add that his own capital and that of the institutions whose investments he managed felt the full brunt of the slump of 1929-31. In all cases there were large advances thereafter beyond the pre-slump positions.

Keynes gave zealous and unremitting attention to these investment problems. He had the difficult intellectual task of keeping distinct his three strands of thought, that relating to his own affairs, that relating to the College, and that relating to the insurance companies. To most men this would seem well-nigh impossible, and there were moments when even Keynes complained that he had set himself too hard a task. Yet we may be sure that basically this very difficulty kept his interest alive in it. It afforded the kind of intellectual conundrum which he thoroughly enjoyed. His work was performed in bed in the morning. Financial intelligence came to him from the various brokers and he assimilated the information provided by the newspapers. He pondered upon the implications of what he learnt and made his decisions. He reckoned that the whole business took him about half an hour each morning.

From an early date he had laid stress on the careful selection of long-term investments and adherence to them through bad times. This aspect became, as time went on, more important in the management of his own money. His position had changed very considerably: he was no longer a man trying to build up a capital out of practically nothing, but a man of moderate substance who was trying to increase it. This does not mean that in the following period his policy was by any means orthodox. He was prepared to take considerable risks by buying securities of low market valuation. Nor did the policy of relying for profit on one's selection of particular securities imply adopting the common practice of looking for inside information. His selection was based on two main considerations, first, the prospects of the business in the country in question, having regard to the general economic circumstances, and, secondly, the balance-sheet of the company. He laid great stress on the latter. Careful scrutiny of

the balance sheet was more valuable than all the inside information in the world. The laws of arithmetic were more reliable than the winds of rumour. Having chosen his stocks carefully, he was entirely unwilling to be frightened out of them by short-term reverses. Nor did he take quick gains. Having convinced himself that the stock had a good long-term future, he waited patiently, through ups and downs, for the long-term potential to develop.

It is worth placing some emphasis on this characteristic of his later investment policy, which is well authenticated, because it is at variance with the commonly held view of him that he was an inveterate vacillator. One may beg to suggest that vacillation is not in itself a virtue or vice, but only so relatively to the matter in hand. Nothing is lost by changing one's allegiance in the realm of abstract doctrine as soon as one's assessment of the weight of argument changes. There is everything to be said for repeated changes of front when coping with a changing situation, or in the conduct of negotiations, as the strong and weak points of the opposition successively emerge. In other cases it may be vitally important to abide by one's original decision. Keynes showed his capacity for doing this in his investment policy; some have even thought that he carried his unwillingness to change his investments too far.

This shift of emphasis, which became marked in the early 'thirties, led to some disagreement with Mr. Falk in connection with the Independent Investment Trust. They did not work together in financial matters subsequently, but their personal friendship was unimpaired.

There may have been a cause, other than the larger size of his own capital, for the shift of emphasis. Knowledge of his character suggests this, and the direct evidence of his associates corroborates it. His plans for private gain — including therein gain for the institutions with which he was concerned — were influenced by his abstract economic theory. He had been brought up in the traditional doctrine that successful speculation benefited the community. This was the view of Marshall and of the whole classical school. When in his letter to his mother, written in 1919,¹ he said that his father would be "shocked" by his speculation, this did not refer to moral but to prudential considerations. His father was very strongly of the opinion that one should play

¹ Cf. p. 288.

for safety. As an economist, Keynes would, no doubt, have subscribed to the doctrine that wise speculation served a useful purpose. It tended to reduce market fluctuations; it provided a trustworthy finger-post for producers and consumers; it enabled the whole economic system to function more smoothly and efficiently. As regards the gains of the successful speculator, in the case of the foreign exchanges, this was solely at the expense of the unsuccessful, who, since he had voluntarily incurred the risk, had no legitimate hardship if the risk went wrong. In the case of commodities, the same argument largely applied; what speculator A gained, speculator B lost, the consumer, however, would find that there was charged into the price he had to pay a sufficient addition to give speculators the wherewithal to pay their staff expenses together with a prospective *average* private net income not greater than would afford a reasonable reward for their application to this profession; the ordinary processes of competition would prevent *average* rewards to speculators rising higher; and in effect the consumer would pay nothing at all, because the value of the speculator's services in reducing the costs of marketing would more than compensate for their rake-off. If a speculator, like Keynes, had no overhead expenses, he was being particularly helpful to the consumer. This was well-established doctrine. In the development of his own original theories, he became more doubtful about the beneficial effects of short-term speculation. This would not affect the value to the community of long-term speculative enterprise.

Speculators may do no harm as bubbles on a steady stream of enterprise. But the position is serious when enterprise becomes the bubble on a whirlpool of speculation. When the capital development of a country becomes a by-product of the activities of a casino, the job is likely to be ill-done.¹

It is probable that there gradually settled upon him a reluctance to be part of the casino. Indeed he argued with friends to this effect. Thus the change in his speculative habit was in accord with the change in his economic doctrine. He was not inclined to put maxims of private conduct and maxims of social good into two separate compartments. His whole life was bound up in various ways with the promotion of what he deemed to be the

¹ *The General Theory of Employment, Interest and Money*, p. 159.

general good; he would not have allowed his private quest for gain to be out of harmony.

3

His main intellectual task in 1920 was the preparation of the *Treatise on Probability* for the press. He found some difficulty in acclimatising himself once more to the complicated mathematical language of his own devising. He had to go over the whole book, filling gaps and deciding points which had still been at issue in the summer of 1914.¹

In the Easter Vacation of 1921 he took Mr. J. H. ("Sebastian") Sprott on a holiday to Algeria and Tunisia, where they worked together on the index. Mr. Sprott recalls an incident when a street-boy had polished their shoes. Keynes knew from his inner consciousness what should be paid, but this did not satisfy the requirements of the natives, and stones were thrown at them as they proceeded along the street. Sprott suggested that some further emolument might end their embarrassment, but Keynes was firm. "I will not be a party to debasing the currency." He was throughout his life careful about small money matters — but Sprott did not realise what good reason he had to be at this particular time.

As we move into that year, we get the sense of a great crowding of duties, a multiplicity and variety of interests, which was to be a feature of his life until he fell ill in 1937. His primary duties remained those connected with his Fellowship at King's College, where he usually stayed from Friday until Tuesday. There he took pupils, sometimes one by one, gave lectures and held his Monday evening Club. His bursarial duties grew and he soon became mainly responsible for the College's investment policy. He maintained his interest in the quest for choice spirits in each new generation, for young men of intellect and sensibility, who would carry on the traditions of his own undergraduate days. The chosen ones became his friends, and he gave them an *entrée* into Bloomsbury. At this time these included Sebastian Sprott, Alec Penrose, Angus and Douglas Davidson. He took some interest also in University affairs and testified to the Royal Commission on Oxford and Cambridge, of which Mr. Asquith was the Chairman. We find him writing a letter to the *Cambridge Review* upholding the cause of women.² He continued in his editor-

¹ Cf. chap. iii, p. 138. ² *Cambridge Review*, 25th February 1921 (vol. 42, pp. 273-4).

ship of the *Economic Journal*, with his wonted careful consideration of articles submitted, whether he accepted or rejected them.

In London he had to think of his own intricate speculative dealings. These were vital, the foundation of his new way of life. He must not make a second mistake. His City interests were multiplying. He and Mr. Falk were extending their operations as consultants. He never had any official connection with Mr. Falk's firm of brokers, but he gave them the benefit of his opinions, while they stretched their facilities for dealing on his behalf to the utmost limit. He was in constant touch with them, and it was necessary for the success of his own undertakings and for maintaining the high quality of his advisory work that he should follow the financial situation closely from day to day. He was concerned with the status of currencies, the prospects of a number of commodities and the condition of the Stock Exchange. Many would judge that his financial activities were enough to absorb all his time.

He had also to keep a careful watch on questions of high international politics. In these years there was a succession of conferences which produced constantly shifting reparations proposals. He had no intention of letting *The Economic Consequences of the Peace* be his last word, and he decided that, as soon as the *Treatise on Probability* was out of the way, he would write a new book on the reparations problem. He had a wide correspondence, in order to keep track as far as possible of the inner meaning of successive proposals. He studied the politicians in the attempt to plumb their motives; he must maintain the standard of psychological insight which he had set himself in the *Economic Consequences*.

All this was not only in preparation for the next book. He was writing all the time for the press, on the alert for any point which he thought the public should notice. Indeed he was developing quite a substantial journalistic activity. In the spring of 1921 he contributed regularly to the *Manchester Guardian*.¹

Under the article of 27th April the subscript first appeared which is so familiar to his readers in later years: "Copyright in the United States and translation rights reserved by the author". Attempts to place some of these articles in the United States and elsewhere had been frustrated by the widespread quotation of

¹ See especially 1921 -- 1st February, 5th March, 24th March, 27th April, 6th May, 13th May.

extracts from the *Manchester Guardian* articles in foreign newspapers. He began to make it a habit, when he contributed an important article to the British press, to write round to half a dozen newspapers in various foreign countries offering it. He charged stiff prices, and his journalistic income was not inconsiderable. In the summer, seeking to vary his audience, he placed five four-columned articles in the *Sunday Times*. Meanwhile he was discussing a larger project with the *Manchester Guardian*. The plan was to issue a series of weighty supplements on European Reconstruction, with articles by the most distinguished authorities in each country, under Keynes' general editorship. During the autumn he was busy with preparations for this publication. He had time for various bits of voluntary work in good causes. He was a member of the Liberal Committee on Industrial Policy — rejecting, however, the idea that he should become a parliamentary candidate. He was thanked by Lord Robert Cecil for his work on the Disarmament Committee of the League of Nations Union.

All this many-sided activity did not lead him to neglect his old Bloomsbury friends. On the contrary, 46 Gordon Square was a great centre for parties and charades, or for pleasant intimate meetings and good talk. Bloomsbury had some revival after the dreary days of war. Lytton Strachey occasionally appeared from the country. There were the younger people coming into the circle. The work of members of the group was beginning to receive a wider recognition. Their ideas were assimilated by a larger number. There was a certain post-war excitement and effervescence. Keynes was quite at the centre of things in this period. He cast aside his public and financial preoccupations and sank himself in the old atmosphere, the talk about life and art, the gossip about friends. There was not any great change from pre-war days. Their habits of mind were too deeply engrained. The critical, amusing commentary on men and things proceeded. The curious idiosyncrasy of the group, the strong flavour, persisted.

An event occurred at this time which did much to enhance Keynes' reputation and instil a proper respect into his critics. On 1st May 1921 the Reparations Commission, in accordance with its instructions, published its assessment of the total liability of Germany under the Treaty. In his book Keynes had reckoned that this would be £7120 million; he had rounded it up to £8000

million in order to be on the safe side, since all the world seemed to be giving higher figures, and added a footnote prophesying that the result would lie between £6400 million and £8000 million. The figure provided by the Reparations Commission was £6850 million.¹ Thus, his judgment was vindicated and, contrary to the expectation of his critics, his figure was found to err on the high side. He wrote a letter to *The Times* at once, in which he was able to cite other instances where his predictions were fulfilled by the Report of the Reparations Commission with remarkable accuracy.² What the critics had failed to appreciate was that it was Keynes alone (and other British Treasury officials who silently agreed with him) who had done the real work, and that the other experts had been lazily contenting themselves with dogmatic guesses. He politely suggested that, in view of this result, his critics might pause to reflect that his estimate of Germany's capacity to pay was also worthy of consideration.

In September three different newspapers to which Keynes had contributed, the *Manchester Guardian*, the *New York World* and the *Baltimore Sun*, had the same bright idea. Keynes should be their special representative at the Disarmament Conference, to be held at Washington. Although he was rather tempted -- it would be pleasant to revisit the United States -- he rejected the proposal. The Conference was likely to be mainly concerned with naval matters, on which he was not an expert. He wished to confine his journalistic output to subjects that he followed closely and not to become a journalist at large. There was a more specific reason for the refusal. The Government of India had invited him to become Vice-Chairman of a Fiscal Commission. He welcomed this revival of his connection with Indian problems. He would have to fit in a visit to India, and this certainly precluded his going to Washington also. In writing to Scott, editor of the *Manchester Guardian*, with reference to the Washington proposal, he pleaded his Indian commitment: "The Commission will, I think, represent a last effort, almost certainly doomed to futility, to save India for modified Free Trade. But, though there is little hope of success, I expect you will agree that it is an enterprise which is worth while."³ Thus Washington had to give way to India. But the Indian visit did not come off either.

On 26th May 1921 Diaghilev opened a new season in London.

¹ Viz £660 (millions) + the £250 (millions) included in Keynes' estimate for redemption of Allied loans to Belgium

² *The Times*, 2nd May 1921

³ 14th September 1921

It was marked by an event of considerable interest, the return to the company of Lydia Lopokova. Once again she did the Can-can Dancer in the *Boutique*, and she had the leading part in *Les Sylphides*. Once again she had tremendous ovations from the London audiences. For that autumn Diaghilev was planning something new, a production which some held to be the finest of all those he staged in London, *The Sleeping Princess*. Tchaikovsky and Bakst, Spessiva and Lopokova would their mixed power employ to enchant and captivate the spectators. The first performance on 2nd November had the same kind of rapturous reception that had greeted the *Boutique Fantastique* two years before. But this time it was the seduction of pure loveliness. The part of the Princess was taken by Spessiva, great classical ballerina, while Lopokova danced the Lilac Fairy with all her sweet impulsiveness. Keynes went often.

In order to titillate his audience and maintain an excited interest, Diaghilev had the pleasant idea of varying the parts, and on certain nights Lopokova danced the Princess herself. Keynes made sure that he would see her thus.* He was spell-bound by this Princess, so light and quick, so charming and piquante, so coy and unexpected. As he watched, his whole being was filled with joy and exhilaration.

How he adored the Ballet! What a great man Diaghilev was! As these formulae came into his mind, he realised how utterly inadequate they were to describe what he now felt. Far away in some distant recess of his being a little idea took shape, which, travelling with the speed of light, gained possession of his whole mind and heart. This was a thought, new and strange, crisp and bold, daring. . . . Where would it lead him? He was daring by nature. It seemed hardly possible that it could lead to a good result. He was a contriver by nature too. His life was exciting and full, with all his new and varied interests, but he could see the danger that, when the novelty had worn off, he might be submerged in a multitude of activities which were a weariness of the flesh. He certainly lacked something to give personal significance to his multitudinous strivings. Some more vital motive was needed than the general good. This was certainly a very big idea. It was evidently much more important than Indian Free Trade.

He already knew Lydia. Bloomsbury had maintained its contacts with the Russian Ballet. He began to pay her attention. She was living at this time at the Waldorf Hotel, and he persuaded

her to move to a flat at 41 Gordon Square, where she would be living below James and Alix Strachey and within easy reach of his Bloomsbury friends. He also discovered that she banked her earnings at the hotel. This was far from his idea of how to make the most profitable use of one's money, and he suggested that he might give her some advice on that topic. He would evidently have to proceed warily, for if the idea was new and strange to him, how much more so would it be to her! To abandon Diaghilev and become the wife of a Cambridge don! And then there would be another difficulty, since she was already married. She and her husband had parted and he was now in America. Keynes' utmost powers of contrivance would be taxed. He had clearly a long way to go before he could achieve what he wished. He decided to abandon the Indian project.

4

A Revision of the Treaty, Keynes' second book on the reparations problem, appeared at the beginning of 1922. It has the incisive and lively style of the earlier book, and makes excellent reading. But it was more strictly addressed to the economic issue and could not have as wide a public as the book which analysed the inner motives of Wilson and Clemenceau. Furthermore, it lacked the sense of impending doom that was present in the earlier work. Revolution and disaster had not come to Europe. Her peoples had been patient, as he had admitted in the *Economic Consequences* that they might be, but, above all, despite fulminations and agitations, attempts to enforce the reparations clauses of the Treaty had not achieved success, so that it was natural that the disasters had not occurred. The book is full of fire and epigrammatic denunciation of the circuitous and dishonest methods of the politicians. One finds this kind of footnote: "If a partisan or a child wants a silly harmful thing, it may be better to meet him with a silly harmless thing, than with explanations he cannot understand. This is the traditional wisdom of statesmen and nurserymaids."

The book opens with a fine essay on the gulf between "inside" and "outside" opinion. This was Keynes' reaction to the criticism that came to him from men of better judgment. "Why make such a fuss? No one really intends to do all these dreadful things that are talked about." He had for some time been convinced

that this was true, but the method of procedure shocked him. This opening chapter retains topical relevance and poses a fundamental question to the political philosopher. As the activity of the state increases, will nominal democracy come to partake less and less of the attributes of true democracy? Will the gulf between what really happens and what people are told and believe about it ever widen?

Keynes proceeded to a very clear narrative of the successive results of the international conferences which had been held since the Treaty. It was satisfactory to have the story told so readably. He pointed out, without undue stress, the fulfilment of some of his predictions. He returned to the question of the legality of the demand for reparations on account of pensions and allowances, pleading that it had immediate practical relevance. The demand on this count roughly trebled the reparations bill; if it were removed, what Germany might rightly be deemed to owe under the Treaty was not far removed from what she was able to pay. Thus the excision of the pensions and allowances clause would bring the possibility of a satisfactory settlement into the foreground. The opposition had had two years in which to defend the legality of pensions and allowances, and no reasonable defence had been forthcoming.

In the original book Keynes had stressed the inability of the Germans to pay the sums demanded. The more popular argument against heavy reparations was the damage which British industrialists would suffer by competition if Germany was compelled to have a large excess of exports. This argument savoured of Protectionist fallacy; it could not possibly do harm to the economy as a whole to be the net recipient of something for nothing. None the less, Keynes recognised some force in the argument. The immediate effect of a large excess of German exports would clearly be detrimental to British producers of similar commodities. As against this, in the long run, after a period in which the country's economy could adjust itself to the new situation, there would be a clear gain. In the long run! That was the hub of the matter. If the reparations annuities continued in perpetuity, there would certainly be clear gain. But if they were to be paid for a limited time only, then, after a period of painful adjustment in our economy — during which we made way in our foreign markets for the excess of German goods, covering our adverse balance of trade by payments from Germany — the repara-

tions annuities would come to an end, and we should have to recapture, perhaps with great difficulty, the markets which we had forgone during the interim. Thus, on the whole, he felt able to claim support from the arguments of those who disliked intensifying German competition.

Finally, he provided constructive proposals. He wished to go further now, suggesting that the British Empire should forgo all claim to share in reparations. At the same time inter-Allied debts should be cancelled. Let Germany pay what the Allies were strictly entitled to demand under the terms of the Armistice and let the proceeds be divided between France and Belgium. He pointed out that this would give France a much more favourable settlement than she would get under the letter of the existing law, and *a fortiori* than she would get if attempts to enforce the existing settlement were imperfectly successful.

He had been warned that the American public was in no mood to waive the American claim for repayment of debt.

In their main substance, therefore, my suggestions are not novel. The now familiar project of the cancellation, in part or in their entirety, of the Reparation and Inter-Allied Debts, is a large and unavoidable feature of them. But those who are not prepared for these measures must not pretend to a serious interest in the Reconstruction of Europe.

In so far as such cancellation or abatement involves concessions by Great Britain, an Englishman can write without embarrassment and with some knowledge of the tendency of popular opinion in his own country. But where concessions by the United States are concerned he is in more difficulty. The attitude of a section of the American press furnishes an almost irresistible temptation to deal out the sort of humbug (or discreet half-truths) which are believed to promote cordiality between nations; it is easy and terribly respectable; and, what is much worse, it may even do good where frankness would do harm. I pursue the opposite course, with a doubting and uneasy conscience, yet supported (not only in this chapter but throughout my book) by the hope, possibly superstitious, that openness does good in the long run, even when it makes trouble at first.¹

In a later passage he proceeded :

The average American, I fancy, would like to see the European nations approaching him with a pathetic light in their eyes and the cash in their hands, saying, "America, we owe to you our liberty

¹ *A Revision of the Treaty*, p. 171. •

and our life; here we bring what we can in grateful thanks, money not wrung by grievous taxation from the widow and orphan, but saved, the best fruits of victory, out of the abolition of armaments, militarism, Empire, and internal strife, made possible by the help you freely gave us." And then the average American would reply: "I honour you for your integrity. It is what I expected. But I did not enter the war for profit or to invest my money well. I have had my reward in the words you have just uttered. The loans are forgiven. Return to your homes and use the resources I release to uplift the poor and the unfortunate." And it would be an essential part of the little scene that his reply should come as a complete and overwhelming surprise.

Alas for the wickedness of the world! It is not in international affairs that we can secure the sentimental satisfactions which we all love. For only individuals are good, and all nations are dishonourable, cruel, and designing.¹

Professor Allyn Young reviewed the book, and in a letter to Keynes confirmed the view set out above² that the arguments of the *Economic Consequences* were not responsible for the American rejection of the Treaty.

Allyn A. Young to J. M. Keynes, 7th February 1922

The difference between your position and mine is obvious. In England the practical problem was merely the revision of a Treaty which had already been accepted. Here the issue was whether the Treaty should be accepted or rejected. I believed, and still believe, that America should have accepted the Treaty and then should have done all that it could to secure its revision. We rejected on unworthy grounds; *not on your grounds* [italics mine]. Support of the Treaty means one thing in England, another thing in the United States.

During 1922 the great *Manchester Guardian* Supplements, twelve in number, were the main vehicle for the expression of Keynes' views. They were entitled *Reconstruction in Europe* and covered the whole field of finance, industry, trade and labour. Some of the issues were general, some specialised on some such topic as shipping or oil. To almost all Keynes contributed an introductory article, which summarised the subject and usually had some interesting ideas. In some issues he had two or three articles.

¹ *A Revision of the Treaty*, p. 183.

² Chapter vii, p. 282.

In the first he had three articles of major importance, and his other contribution in chief occurred in the eleventh issue.

In the first issue there was a lengthy article on "The Theory of Purchasing Power Parity," and another one on "Forward Exchanges," which give a full account of the theory, which he subsequently summarised in his *Tract on Monetary Reform*. The leading article comprised proposals for dealing with the existing situation. He was tending now to shift his interest from the reparations problem proper; he had converted the world, and it was only a question of time before his ideas were put into effect. He turned his attention to the crumbling exchanges and bankrupt finances of the European countries. Stabilisation of the currency should now be put in the forefront. He was in favour of a return to the Gold Standard, but not to a gold circulation. For the former he assumed that there would be general agreement. The vital issue was between a return to the old gold parities on the one hand, and all-round devaluation on the other. He strongly favoured devaluation. He considered the argument that it would enhance prestige for a country's currency to return to the pre-war gold value.

Where a country can reasonably hope to restore its pre-war gold parity soon, it is important. This might be said of Great Britain, Holland, Sweden, Switzerland, and Spain, but of no other European country. With the bankers of the city of London this argument, or rather this sentiment, is likely to weigh so heavily, even so much more heavily than it ought, that it will almost certainly prevail to the extent of giving the Bank of England at least a year's grace in which to try the policy of restoration. But if success is not attained within a year from now, arguments to the contrary may obtain a hearing. In the case of those countries, however, where the present exchange is very remote from its pre-war parity, this argument has little weight.

He proceeded to demolish the other arguments for a restoration of pre-war values.

He delivered a homily on lines that had long been familiar in Britain but were not so familiar abroad, that, to support the stabilisation, countries must be prepared to use all the gold they had. A reserve was meant to be used. This was the doctrine which had established the financial supremacy of Britain, and Keynes continued to uphold it, as he had in 1914. He did not think that additional support for stabilisation would be needed, but, further to underpin it, he proposed that the Federal Reserve

Board might agree to make temporary loans at the penal rate of 10 per cent to an aggregate maximum of \$500 million. The interest would be paid into a guarantee fund and all participating central banks would guarantee the Federal Reserve Board against ultimate loss. "I do not think that such a plan would be contrary to the interests of the Federal Reserve Board or disagreeable to them, and they might find that on close analysis it presented more sound features than met the eye immediately."

In the eleventh issue, which appeared eight months later, his tone had become more vehement. He made a frontal attack on deflation. The magnitude of the internal debt of most European countries was the main reason why it was impossible to restore the value of their currencies to their former level. But this was not the only reason. Deflation would cause business depression and unemployment. He cited an article by Professor Irving Fisher in the same issue "written with overwhelming force and lucidity." This article by Keynes was his first to sound a clear warning against the evils of deflation and may therefore be regarded as the preface to the work which was to absorb his interests for the next fifteen years and to lead him far from his original starting-point. In the *Economic Consequences* he had exposed the evils of inflation with consummate brilliance, but it was deflation that was to prove the main target of his attacks in future. I therefore quote a passage, in which he cites the policy of Czechoslovakia as an illustration.

Comparatively free from the burden of internal debt, and free also from any appreciable budgetary deficit, Czechoslovakia has been able, in pursuance of the policy of her Finance Minister, Dr. Alois Rasin, to employ the proceeds of certain loans which her credit enabled her to raise in London and New York, to improve the exchange value of the Czech crown to about double the level which seemed to me eight months ago, with reference to the circumstances existing at that time, a rate at which she could hope to stabilise the crown with advantage to herself. Owing to the rapidity with which under the above favourable conditions it has been possible to effect the improvement, the country has not suffered as severely as she would, if the change had been slower and more prolonged. But it has cost her an industrial crisis and serious unemployment. To what purpose? I do not know. Even now the Czech crown is only worth a sixth of its pre-war parity, and it remains unstabilised, fluttering before the breath of the seasons and the wind of politics. Is, therefore, the process of appreciation to continue indefinitely? If not,

when and at what point is stabilisation to be effected? Meanwhile the foreign resources, which might have been employed during the past six months to secure a definite stabilisation, are no longer intact, and it will not prove easy to replenish them. Czechoslovakia was better placed than any country in Europe to establish her economic life on the basis of a sound and fixed currency. Her finances were in equilibrium, her credit good, her foreign resources adequate, and no one could have blamed her for devaluating the crown, ruined by no fault of hers and inherited from the Habsburg Empire. Pursuing a misguided policy in a spirit of stern virtue, she preferred the stagnation of her industries and a still fluctuating standard.

The Supplements, which ran to 810 large three-columned pages, contained expert information upon the whole field of economics. These were also published in French and German. Authors from many countries were brought into service and there were more foreign contributors than British. Keynes certainly laboured hard to attract authoritative writers, and I confess to finding fascination in the galaxy which appears in the list which I append in a footnote. This only constitutes about a third of all contributors, and I have no doubt that many of the foreign names which I have omitted were as illustrious in their own countries as the British names were in ours.¹

Journalism was exerting a strong pull at this time. The third Supplement included treatment of the International Conference held at Genoa in April. The idea came forward that he should himself go to Genoa and, in addition to his contribution to the Supplement, write eleven major articles for the daily *Manchester Guardian*. The idea appealed to him. There was an arrangement with the *Daily Express* to publish some of this matter. He then approached, either by a direct letter or through an agency, numerous newspapers throughout the world. He had refusals,

¹ Asquith, Ramsay MacDonald, Philip Snowden, Robert Cecil, Caillaux, Painlevé, Léon Blum, Heriot, Nitti, Benès, Melchior, Dr. Schacht, Sidney Webb, Walter Lippmann, Tawney, Maxim Gorky, Albert Thomas, Gustav Cassel, Croce, Ferrero, Rist, Gompers, Norman Angell, Henri Barbusse, Lowes Dickinson, Pigou, D. H. Robertson, Stamp, J. H. Clapham, L. B. Namier, Joseph Kitchen, Moritz Bonn, Schumacher, Andreádes, Linaudi, Paul Cravath, Barnville, De Jouvenel, Charles Hobhouse, Arthur Greenwood, Walter Layton, W. L. Hitchens, Henry Clay, John Hilton, Henry Bell, Buckmaster, J. J. Mallon, R. Hilferding, R. C. Leffingwell, O. N. W. Sprague, Paul Warburg, J. H. Williams, Irving Fisher, Piero Sraffa, the Queen of Rumania, Georges Duhamel, H. N. Brailsford, G. D. H. Cole, H. Laski, T. E. Gregory, Parker Willis, Isserlis. In conclusion we may mention members of "A" Division — O. T. Falk, Dudley Ward.

but was persistent, and finally got an arrangement with the *New York World* and with papers in France, Italy, Spain, Germany, Austria, Czechoslovakia, Holland and Sweden. The *Manchester Guardian* paid him £300, the *New York World* £350, and the other papers sums varying from £100 to £25. He stayed in Genoa for three weeks and wrote his contracted eleven articles. When the Conference bade fair to last considerably longer, he ruthlessly returned to Cambridge. It must have been a curious experience, having represented the Chancellor of the Exchequer at Paris — and he was destined to represent the Chancellor of the Exchequer many years later at another great international conference — to move about among familiar faces at Genoa in the capacity of newspaper man. He did not disdain the humbler rôle. He was assisting his account with his brokers, while his great series of articles in the *Manchester Guardian*, written with full knowledge of what was proceeding, made an important contribution to the formation of opinion. He was invited by members of the British Delegation to attend some of their unofficial meetings after dinner and joined in their discussions. He took Mr. Haslam with him¹ as his personal assistant and, as his secretary, Mr. Buttress, who had a long career of service with him in King's College Bursary and as Assistant Secretary to the Royal Economic Society. It was Mr. Buttress's first visit to the Continent. They all stayed at Santa Margherita and in the evenings usually went to the Casino at Rapallo. Keynes himself was no longer so much tempted by the gaming tables as in former times; he had bigger fish to fry now.

Later in the year he went abroad again. He received an invitation over the signature of a number of distinguished Germans to the "Overseas Week" (17th to 27th August), an international gathering at Hamburg, to discuss the economic situation. He attended the Conference and gave a public address at the final meeting. He propounded a new reparations scheme by which the obligation to pay, which was now pressing so heavily upon the German mark, should be postponed to 1930, but an inducement to pay earlier, namely 6 per cent compound interest, should be offered. He laid great stress on the need for Germany to set her own house in order and check inflation. She should be given a respite in order to do this. The Hamburg Correspondent of the *Manchester Guardian* reported this as follows:

¹ Cf p 294

The brilliant contribution made by Mr. Keynes, in giving his personal view of a sensible settlement of the reparation problem, was very warmly greeted. The Hamburg merchants, the descendants of men who for centuries have had intimate relations with England, did not regard Keynes as coming in the capacity of a friend of Germany. What they were prepared to value in the Englishman was his traditional business fairness. All the greater was the impression created by his address, and particularly his warning to avoid political Jeremiads and to work out practical and tangible proposals. For Germany has nothing to gain by a continuation of the morbid, spurious boom, with a continually sinking mark.¹

The *Daily Telegraph* observed that "his remarks are reported in the German press at a length and with a prominence which is usually reserved for the heads of governments".

5

I had just finished my course of studies at Oxford in classics, philosophy and history.² Christ Church deemed this a good qualification for appointment to a post to teach economics. The first Honours examination in Oxford to include economics as a principal subject³ was to be held a year later (June 1923). I was allowed two terms away, not so much in order that I should learn economics, as that I should broaden my mind by foreign travel. I took a different view. I happened to discuss my affairs with Mr. Walter Runciman at this juncture; he advised me to get in touch with Keynes and offered me a letter of introduction. Naturally I welcomed the proposal.

I was bidden to lunch at 46 Gordon Square. I mounted the stairs to the drawing-room on the first floor, where the meal was served.⁴ The room itself made a strong impression. It seemed empty, devoid of the usual ornaments and appendages, in a style that was rapidly to come into fashion, but was strange to me. On the walls were two pictures only, and these were very modern,

¹ *Manchester Guardian Commercial*, 7th September 1922

² *Viz Lit. Hum. and Modern History*

³ The Honour School of Philosophy, Politics and Economics.

⁴ Keynes later acquired the house next door, No. 47, of which he retained the large first-floor drawing-room for himself, letting out the remainder. This drawing-room was made accessible from the drawing-room of No. 46 by a small interconnecting door. In his preface to *Two Memoirs*, published 1949, Mr. David Garnett errs when he asserts that Keynes constructed one large room out of the drawing-rooms of the two houses. The large room which he has in mind was simply the double drawing-room of No. 47.

perhaps by Matisse or Picasso. The armchairs were exceedingly comfortable. There was nothing else except the small table at which we were to eat. This environment, with its assertion of modernity, itself provided a slightly exciting background. Keynes came quickly across to me and greeted the stranger with warmth. There were two others at lunch, one of whom was a young French economist on a brief visit.

The talk began without any pause ; it was quick and animated. Keynes was discussing with the Frenchman the latest gossip about Continental statesmen, their mistresses, their neuroses, as well as their political manœuvres. These seemed as exciting as fiction ; I supposed they must be real. There was financial talk of the latest movements in the exchanges, budgetary positions, the international movement of money. This was still far beyond my ken. But then certain more familiar strands began to come into the pattern, for the three of them seemed able and ready to relate their items of financial intelligence to theoretical doctrine, the quantity theory of money, foreign exchange equilibrium. There were passing references to the latest ideas of Cassel or Fisher, and subtle points of criticism were made. Then I realised that I was in the presence of something quite unusual — this mixture of *expertise* in the latest theories with inside knowledge of day-to-day events. The Frenchman must have been in some sense a disciple of Keynes, for academic French economists of that day did not normally move easily among the latest ideas of Anglo-Saxon or Swedish theorists. The excitement was almost unbearable.

Keynes propounded the view, of which Mr. Colin Clark has recently reminded us,¹ that no nation will endure paying more than a given percentage of its national income in taxation, and if it has to carry a greater load it will almost automatically find escape from its plight by inflation. He ran over some French budgetary figures and concluded by prophesying that the French would not stabilise the franc until it had fallen below 100 to the £. The prophecy was fulfilled. He added that he would be willing to stake his whole fortune on that prophecy. I little thought at the time that it was quite possible that he was actually doing so !

After lunch he gave attention to the problems of the stranger. He made a fond reference to Mr. Dundas and showed, with a few

¹ Cf. *Economic Journal*, December 1945, p. 372.

touches, that he knew something about current Oxford affairs. My problem was simple. I must undoubtedly come to Cambridge. That was the only place where they knew anything about economics. The London School of Economics — I had had some talk with Professor Cannan — was brushed aside. My College was very anxious that I should go abroad; was there not some foreign university? Certainly not; they knew nothing at all of economics on the Continent. Were his claims excessive? His whole exposition was so drenched in friendly feeling to myself that it was impossible to be critical. I must come to King's. He would see that I was made a member of the High Table and that everything was properly arranged. He already seemed to understand my sundry problems and difficulties perfectly. He had taken charge. He would manage my affairs for me — and I was certainly at a great loss at that phase how to manage them for myself.

It was four months later (October 1922) that I found myself among the Fellows of King's College, who were assembling in the Combination Room before dinner. Men of learning and reputation came into the room. The finely chiselled features and dignified bend of Macaulay seemed to symbolise pre-eminently the distinguished and scholarly character of those among whom I had come. Keynes entered with a brisk step. This was the first time that some of them had seen him since Hamburg. Old Dr. Mann, the much beloved organist, who had been a member of High Table for many years, went up to him and, grasping his arm, said quietly, "We are very proud of you". It was characteristic that it should be the organist who gave this salutation, for the extreme reticence of academic persons militates against warmth of appreciation. Other Fellows contented themselves with explaining to me, almost in a whisper, that they thought highly of his economic work.

We proceeded into Hall in a dignified procession. I was all agog, since it was my first visit to Cambridge, save on a sight-seeing trip. The procession came to a standstill before reaching its destination, and a young man, his hair very fair, exquisitely dressed in a double-breasted blue suit and red tie, stepped forward to read grace. He paused a moment, and his poise seemed perfect. In Oxford we prided ourselves on occasionally producing such types of elegant youth, but tended to assume that they were unknown in Cambridge. He gabbled through the grace very

quickly in a manner that was usual in Oxford, and I was, therefore, rather surprised to hear Dr. Clapham, who was next in front of me, murmur, "Very blasphemous, very blasphemous". This was Mr. George (Dadie) Rylands, an undergraduate in his second year. I discovered that Keynes thought well of him, but he was then mainly under the tutelage and influence of Mr. Sheppard. He was to be a figure of no little importance in Keynes' life. Already showing promise, and clearly a young man of sensibility and intelligence, he was likely to qualify for admission into the circle of chosen friends. He was prominent in the dramatic societies. Later, when he had become a Fellow of King's, he continued to act, and even to dance, upon the stage. This was something more than a mere hobby. His attainments were considerable. It was surely a crowning glory for a Cambridge don to be responsible, as eventually he was, for the production of John Gielgud in *Hamlet* at a London theatre. When Keynes became concerned with the foundation of the Arts Theatre at Cambridge, Mr. Rylands was his right-hand man. He held various offices in the College, and, when the Second World War came, Keynes was able to entrust him with the bursarial duties, the College making him one of the Bursars (while he continued to serve as Steward); for, although his subject was English literature, and his great hobby stagecraft, he was also a "hard-headed Cambridge man".

Most notable of the undergraduates under Keynes' influence at this time was Frank Ramsey (see p. 141 and Appendix). He was a Trinity man, but there was plenty of intercourse between the two Colleges; his father was a mathematical tutor and, later, President of Magdalene.¹ The young Ramsey was a man of extreme brilliance and precocity. Now in his second year as an undergraduate, he was already correcting the proofs of Bertrand Russell's introduction to the second edition of *Principia Mathematica* and translating Wittgenstein's *Tractatus Logico-Philosophicus* from the German. Keynes gave him encouragement in the pursuit of these studies on the borderline between mathematics and logic, and it was partly through his influence that Ramsey was later offered a Fellowship of King's in mathematics. He was of large build, his forehead was broad and his face intellectual, but simply drawn. His character too was simple; kind and

¹ Not to be confused with Mr. Ramsay, who was for part of the same period Master of Magdalene. The President was below him in the hierarchy.

good-hearted, natural and unaffected, he was not in the least degree spoilt by his precocity or the admiration of his seniors. He had a beautiful laugh, not loud or hearty, but sudden, genuine and convulsive; it sounded as if his huge frame was cracking under the strain of it.

His main interests were in difficult and recondite reaches of logic, but he discussed philosophy in an extraordinarily easy style. Subtle thoughts were distilled into simple straightforward sentences. In an entirely effortless and almost gossipy way he set out the quintessentials of a problem. To me he was a tremendous stimulus, for, having studied philosophy as a schoolboy, I had met with much frustration and bitterness at Oxford, where, to my judgment, the true was often reckoned false and conversely. (The character of philosophical teaching at Oxford has entirely changed since then.) To my delight, this Cambridge undergraduate seemed to be saying that my truths might be true after all, more or less, and he had a genial contempt for the doctrines that had plagued me so much at Oxford; but he always gave the warning that it was necessary to understand mathematical logic, and he believed that, in order to do so, it was necessary to have advanced some way into mathematics. Was I to trust this consoling companion? Yes, surely, because although he was only nineteen, Bertrand Russell had given him his proofs to correct, and Keynes assured me that he was as good a philosopher as anyone living. It was at this time that Keynes was pondering on Ramsey's criticisms of his theory of Probability, which, as I have recounted elsewhere,¹ he took more seriously than any others. Alas, Ramsey died of jaundice at the age of twenty-seven.²

Another philosophical undergraduate of Keynes' circle was Mr. Richard Braithwaite, a Kingsman and a year senior to Ramsey. He was temporarily a little overshadowed by his prodigious junior. Keynes told me of his high regard for Braithwaite's abilities; his intellectual interests were wide and active, and in general discussions he showed a versatility and agility which philosophical specialists are apt to lack. Mr. Sprott (Clare College) was still up, debonair, dashing and an acknowledged leader. Adrian Bishop (King's) was the wittiest and most

¹ See Appendix.

² For an obituary notice by Keynes, see *Economic Journal* and *Essays in Biography*. Ramsey published two important articles on economics, *Economic Journal*, March 1927 and December 1928; his philosophical papers were collected in a volume entitled *The Foundations of Mathematics*.

amusing, a little too flippant, perhaps, by the severe Cambridge tradition, a little Oxford in fact, very polished and mature. Mr. Steven Runciman, son of Walter Runciman, was a younger member of the group; he has since won a high reputation as a historian.

These were Keynes' particular friends outside the ranks of pupils and economists. After I had been in Cambridge for a short time I expressed one day my appreciation of the delightful company which I had got to know, and ventured to add that I would like them to introduce me to one or two others, as I wanted to acquire an extensive knowledge of Cambridge undergraduate life. The suggestion was not well received. "But there isn't anyone else", they said. (It must not be inferred that any of these men carried this exclusiveness into the rough and tumble of life — some of them were men of very broad sympathies — nor that all of them would even then have been as precious as my interlocutors on that particular occasion.)

On the words "there isn't anyone else", there flashed into my mind Keynes' dictum that there wasn't any place but Cambridge where one could learn economics. It seemed clear that both statements were manifestations of the same strong tradition, which Keynes himself did something to foster. In retrospect one may trace a link with the Strachey circle twenty years earlier. For undergraduates there were advantages and disadvantages in this tradition. The chosen few could receive encouragement and stimulus from certain dons far exceeding what it was possible to mete out to the whole undergraduate body; they might be introduced to Bloomsbury. I contrasted their favoured state with the arduous competition at Oxford, where there had been many, perhaps more, talented aspirants of literary bent. Isolated dons might give encouragement, but there was not the same organised support for young men of promise. Was this a healthier condition? Or did some of the Oxonians, who might have made a mark, fall by the wayside for lack of timely support? A distinction must be drawn between literature and politics. At Oxford the avenues for the aspiring politician were probably wider than at Cambridge. Unhappily, the ablest men after the First World War were not attracted by politics.

Keynes' attitude to Cambridge economics was another instance of this tradition of exclusiveness. It had some effect on the progress of economics in England at this period. The forma-

tion of a coterie may be valuable to sustain the courage of those whose work is in the realm of the imagination. Keynes may have tended to apply a helpful expedient in a sphere where it was inappropriate. He liked to think of a small band of economists who would be the pioneers; the rest would come along in due course. This idea, if only it were valid, could make possible an economy of effort. If one could carry with one, as well as learn from, Dennis Robertson, Hubert Henderson and a few others, and, in matters of high theory, Pigou, one could advance from strength to strength, confident that the broad ranks of other economists would follow. In the sphere of applied economics the counterpart of the advance guard in Cambridge might be found in London at the 'Tuesday Club. Blackett, Falk and its other members would be the spearhead of advance. For pushing some specific idea this method has advantages. But economics is many-sided. Keynes' attitude may have been partly responsible for the growth of a gulf between the thinking in Cambridge and at the London School of Economics, which was to prove detrimental in the coming years. There is also no doubt that Keynes made enemies among men who had established some reputation as practical economists before he was even heard of, by assuming that they were not worth consideration. Their hostility had ramifying effects and retarded the acceptance of Keynes' views.

We may well think, when we consider the enormous range of his work, that the concentration of intellectual discussion among a chosen few was a necessary economy. He was doing his best for a larger audience by his published work. He could not also give time and vital energy to maintaining good relations and entering into elaborate discussions with all the professional economists. It was not so much the practice, however, as its elevation into a doctrine which may have done harm. The other economists would have quite understood if Keynes himself was somewhat inaccessible, because so busy. The doctrine, which was not entirely secret, gave them the sense that they had been scorned.

I took my weekly essays to him alone. We sat in comfortable chairs in his rooms in Webb's Building. They were elegantly furnished, and one long wall had been adorned, shortly after the war, with frescoes of nude figures, flowers and fruit by Duncan Grant and Vanessa Bell. The essays were on such topics as rent and quasi-rent and covered the ground of Marshall's *Principles*.

I recall an essay on "The Real Terms of International Interchange". Keynes characteristically gave me for my reading a letter which he had just received from his colleague Macaulay, whose subject was Mechanics. The letter was concerned with the effects of an agreement with the United States, should there be one, for paying off our war debt. Macaulay was asking Keynes to confirm his view that the burden for Britain would be considerably greater than that represented by the annual payments, since Britain would have to lower the prices of her exports in order to generate a sufficient export surplus. The letter was written in the language of a layman without economic terminology. I fear that when it came to the essay Keynes had to point out gently that I had not yet caught up with Macaulay in economic understanding.

It has been suggested that Keynes, who was such a great expert in the theory of money and business fluctuations, was not thoroughly grounded in the traditional theory of value. My recollection does not confirm this. It appeared to me that his knowledge of Marshall was very thorough and meticulous. He used to take the view at that time that the content of economic theory was extremely small and, although difficult to get right, could be mastered by an able man very quickly. He did not think that wide reading in economic theory was necessary. Following Marshall, he believed there was not much further work to be done in that field, and that progress in economics would lie in the application of theory to practical problems. His recipe for the young economist was to know his Marshall thoroughly and read his *Times* every day carefully, without bothering too much about the large mass of contemporary publication in book form. He was careful to add that one must read one's Pigou and anything that came from the pens of the chosen few. His own reading after 1914 was probably not much more extensive. He read what those near to him said he must. Contributions to the *Economic Journal* — he had to read about a hundred articles a year — gave him a fair sample of the refinements of contemporary thinking. When eventually he broke away from the Marshallian tradition and decided there was something new and important to be said about the fundamentals of theory, there were complaints in certain quarters that his work did not show evidence of wide reading in current periodical literature. There may have been truth in this. It does not follow that the gain to his thought from such

erudition would have compensated for the reduction in his attention to current events that such study must have entailed.

He lectured once a week on Money. There was a footnote to the notice of his lecture, stating that only those who had obtained a first class in Part I or were specially recommended could come. Thus the class was a small one. Each lecture was rigidly divided into two parts, the first half dealing with theory and the second with current events. In the first half he was expounding the "Cambridge" doctrines on money for which Marshall was initially responsible. He wrote formulae upon the blackboard of the type used by Pigou in his well-known article,¹ and akin to those which he was shortly to publish in a greatly simplified form in his *Treatise on Monetary Reform*. At this phase, however, the formulae were more, not less, complicated than those of Pigou. In the midst of one lecture, Frank Ramsey, who, being a mathematician, was present by invitation, interrupted with a criticism; Keynes was happy to receive it and embodied an amendment. Then, when half an hour was over, we were plunged into the story of what had been happening during the last week in the London money market and the foreign exchange markets. The account was lucid, but extremely technical and too quick to be easy to follow. We were greatly excited.

In the middle of this term he was invited to Berlin by the German Government to discuss measures for the stabilisation of the mark. Mr. Brand, Gustav Cassel, Vissering, Professor Jenks (of Columbia University) and Monsieur Dubois were also invited. The mark soared in the foreign exchanges on the news of this gathering. Keynes, Brand, Cassel and Jenks published a majority report. Keynes gave an account of the proceedings in the lecture on the following Friday. He had been deeply discouraged by the defeatism and apathy which he found in Berlin. It has often been said that the Germans deliberately destroyed the mark in order to evade reparations payments. If that was so, they paid a heavy price, since, along with the mark, they destroyed the whole social fabric. Keynes did not interpret events in this way. There had not been any deliberate attempt to destroy the mark. The point was that, owing to the severe pressure to which Germany was subject, manful action and a resolute will were needed to save it from destruction. Such a resolution he had not found in

¹ *Quarterly Journal of Economics*, 1917. Reprinted in *Essays in Applied Economics* under the title of "The Value of Legal Tender Money".

Berlin. There they seemed desirous of doing the right thing, but fearful of the consequences of the drastic lines of action that would be needful. They were timid, weak and without hope. It was quite clear to him that nothing adequate would be done and that the rot would continue. It did so until complete destruction occurred a year later.

He also hinted that part of the trouble was the absence on the continent of the kind of economic analysis which he was giving us in these lectures. The quantity theory of money, suitably modified, must be the main instrument for a diagnosis of inflation. At the root of inflation was the budget deficit. Not that he agreed with those in England who thought it would be a simple matter to remove the German budget deficit. With galloping inflation, no lawful system of taxation would bring in enough money to do so, since by the time that taxes had been gathered, prices and government expenditure would have soared to new levels and the deficit would remain. Somehow the price movement must be stopped first. The proximate, as opposed to the ultimate, cause of the price movement was the collapsing exchange. Rising prices in Germany were chasing the falling exchange many laps behind. Therefore, stabilisation of the exchange was the first step. This could only be achieved by a reparations moratorium. Once stabilisation was accomplished, it would become technically possible to balance the budget. That must be done. If the budget was not balanced, the stabilisation would be short-lived. He believed that with reparations demands out of the way for the moment, the balance of trade problem would not be intractable. Owing to the rapid movement of the mark, trade returns were chaotic. Keynes pointed out that the actual deficit in the preceding year could not have exceeded the sum-total of foreign bull speculation in the mark; and this could not have been very great. It is worth noting that the English, American and Swedish representatives agreed with Keynes. The report of the minority (which would not go the whole length with the majority on the Reparations moratorium) stressed Germany's balance of trade difficulties and her need for a foreign loan. For them, evidently, the trade disequilibrium was central to the problem, and external assistance the only remedy. And so it happened that Keynes and his friends proposed stiffer medicine for the Germans. If only reparations were temporarily pretermitted, the Germans could put their own house in order.

Let them get the budget right, and the balance of trade would look after itself. Some may think that this has a moral for Europe after World War II, when the whole of Europe has had the kind of difficulties which weighed upon Germany after the first war.

Keynes' Political Economy Club was flourishing. Mr. Austin Robinson, just a graduate, read a paper on Britain's Capital Exports, which was perhaps more intimidating to an Oxford man than the many-sided brilliance of the master. He had ransacked all sources for statistical information. He had constructed most beautiful diagrams, and discussed his results in the light of a refined theory of trade equilibrium. It was a highly polished performance, a fine example of Cambridge thoroughness, accuracy and theoretical *expertise*. At another meeting I read a paper on a methodological subject; this seemed safe for a beginner; my Oxford training enabled me at least to discourse fluently on questions of ethics and scientific method. The mischievous secretary, however, altered my title, when circulating the Club card, into "*Should Cambridge economists be read at Oxford?*" We had been discussing the list of prescribed text-books for the new Honours School in Oxford, which consisted of Adam Smith, Ricardo, List, Jevons and Marx. There was nothing more modern. This was not the subject of my paper, as I was quite sure that Marshall, Pigou and Keynes ought to be read in my University. But Keynes had evidently been turning the matter over in his mind, for in his summing up he reverted to the question of Oxford reading and, to my surprise, made a delightful defence of the Oxford method. There, by deliberate policy and in accordance with their traditions, they liked to read the great old masters of ripe vintage, mellowed by time, survivors of the criticism of many generations, established, authenticated and indubitably worthy. It was on Plato and Aristotle that Oxford concentrated its mind. Their texts had been pondered upon by hundreds of scholars and their finest nuances of meaning analysed. This was the right way to introduce the young to knowledge. Let them study texts of which one knew that, whether they were true or false, they were the product of master minds. In economics the next best thing was to read Adam Smith and Ricardo. (Marx might certainly be discarded.) A hint could be dropped, of course, that to fill in gaps they should take a quick look at Alfred Marshall.

He himself read a paper on Malthus. This was Malthus in his aspect of population expert, the precursor of Darwin, not the initiator of the doctrine of effective demand; it was a delightful character sketch, glowing in praise; there was a passing reference to Ricardo as "the most distinguished mind that had found economics worthy of its powers." He also dwelt on modern conditions; the Malthusian devil was evidently still with us. In the discussion Mr. Dennis Robertson produced some recent statistics; he was not so sure about the Malthusian devil. Indeed he hinted that the modern danger might be the opposite one, a decline in numbers. Robertson seemed to know what he was talking about, and I had an uncomfortable feeling that it was he, and not my master, who was in the right on this occasion.

Somewhere on Keynes' stair there lived an undergraduate of sporting tastes, whose name escapes me. On some occasion when I was in Keynes' room he referred to the young man in an amused way, since thuds and crashes were heard, suggesting a fight and furniture being hurled around. To my surprise he was a member of the Political Economy Club, although his examination performance was expected to be very poor; he was the pupil of Keynes, who thought it a good idea to mix a hearty element into his high-brow group. In the Malthus paper there was a reference to contraception. Then, in 1922, this seemed startling and even shocking, so times have changed. The hearty undergraduate made a forthright protest; what he had heard was unseemly and immoral. Keynes was delighted by this intervention, and his handling of it was one of the most beautiful performances I have ever seen. He had a double objective. On the one hand, he wanted to make it absolutely plain to the group that the objector's criticism was foolish and untenable — for he, Keynes, was a profound believer in the need for birth control in the existing situation. On the other hand, he was obviously most anxious not to offend the objector's susceptibilities; the young man's academic pretensions were nil, and it was doubtful whether he would obtain his degree; there must, therefore, not be the faintest hint that Keynes was taking advantage of his slow-wittedness or scoring off him. It was his invariable rule never to be caustic at the expense of undergraduates.

He divided his rejoinder into two parts. First, there was the question of unseemliness. Keynes dealt with this in a few gossamer phrases; his easy power over words was beautifully displayed;

one felt a sureness of touch and refinement of feeling. The objector must acknowledge, whether he agreed or not, that Keynes' philosophy paid due regard to the claims of sexual delicacy.

Then there was the question of immorality. Keynes argued that natural morals contained no principle which would stigmatise contraception. Therefore we must look to the morals of theology. This question of theology was important. Then suddenly he seemed to be speaking to the undergraduate directly, the room having vanished. He looked at him, with a twinkle in his eye, which appeared to plead with him. He was talking to him as man to man. There were a few words only. What they seemed to say was that he, the undergraduate, knew that Keynes respected his theological beliefs and also knew that he, Keynes, had no theology. They were both men of the world; they had regard for each other's convictions and experience, they could not discuss them in the presence of these people; it was the sort of thing that they would like to have a long talk about together. There was not the shadow of a hint that the man was lacking in intellectual acumen. He was treated with the greatest consideration, as an equal. All the same, the room made up its mind that it need not bother about this theological consideration. It was all over in a minute or two, but one felt that in those two minutes one had had a vision of the fine powers of this great man.

He has been criticised for the conduct of the Club on other occasions. I did not witness one of the kind in question and am informed that outside visitors were infrequent. He might have a business man or banker to give an address, and demolish him with his well-known power of quick repartee. Having dazzled him with his superior knowledge, he proceeded to dissect the substance of his address and show that it made no sense at all. There was a silent communication between him and his pupils. You see, now, what frightful fools these bankers are, who are supposed to manage our affairs. Enemies were made, and perhaps not without just cause. There is no doubt that Keynes, while having a warmth of kindly feeling towards many different types, thought that all was fair in argument, and that a man should not have a grievance if he was refuted without mercy; if he was bold enough to advance an opinion, then he should not complain if he was shown to be an ass. If a man plays cricket, he has no grievance against the bowler who gets him out first

ball. If sensitiveness was not in place in a game, still less was it so in the discussion of public affairs or economic problems. If one happened to be very good at the game, one did not expect jealousy and rancour.

To many of his own age he was somewhat awe-inspiring. The fact remains that people do not like to be bowled out first ball. Unless there was some link, some prior reason for friendliness, he did not melt on a first meeting. In so far as awe induced shyness in his interlocutor, that delayed the time for warmer relations. With the young friendliness came fairly easily. I have recollections of undergraduate evening parties with perhaps only one or two dons and some former undergraduates revisiting. He sat in an arm-chair with a glass in his hand; undergraduates were sitting on the arms of the chair, chaffing and joking; they were obviously on easy and intimate terms with him, treating him as a friend, as one of themselves. He chattered away, having plenty to say that amused them. As I left the room undergraduates were still chattering around him — Maynard this, Maynard that; he had a heavy load of work the next morning, but this flow of intercourse with the young people was more important, and he looked quite prepared to outstay them all.

CHAPTER IX

RETURN TO THE GOLD STANDARD

1

HITHERTO Keynes' chief journalistic outlet had been in the *Manchester Guardian* and its great *Commercial Supplements*. In 1923 there was to be an important change. Then, and in the following years, those who wished to learn his most recent thoughts sought for them in the *Nation*, the Liberal weekly.

We may remember his early excursions in Liberal politics as an undergraduate at Cambridge in the Union, as a speaker at successive general elections, as a traveller with the Eighty Club in Ireland, as a member of the Liberal Financial Policy Committee after the war. By temperament and conviction he was certainly a Liberal throughout his life. During the 'twenties he hoped to see a working agreement between the Liberal Party and the Labour Party; in the 'thirties he may have nourished the hope that, when he had achieved the culminating expression of his own views, the cogency of his arguments would wean the Labour Party from State Socialism and make its members his own disciples. This final consummation was not achieved, however, and in the last year of his life he wrote to Lady Violet Bonham Carter with reference to the Liberal Party as follows :

I hope you are fairly cheerful about electoral prospects. All my good wishes are with you and the Party. I should view with great alarm a substantial victory by either of the major Parties ¹

He was rather strongly opposed to the Conservative Party, although he had certain characteristics which normally incline men to cast their lot with the Conservatives. He valued institutions which had historic roots in the country; he was a great upholder of the virtues of the middle-class which, in his view, had been responsible for all the good things that we now enjoy; he believed in the supreme value of intellectual leadership,

¹ 16th May 1945.

in the wisdom of the chosen few; he was interested in showing how narrow was the circle of kinship from which the great British leaders in statesmanship and thinking had been drawn;¹ and he was an intense lover of his country. At times his instinctive belief in the superiority of the English made him utter sentiments that seemed quite reactionary. If he inveighed bitterly against his own country in connection with the Treaty of Versailles, it was partly because his very patriotism made him feel intensely the shame of what he regarded as dishonourable conduct.

All this, however, was overborne by other characteristics. He was keenly alive to great social evils and sensitive to suffering. He was by nature a progressive and a reformer. He believed that by thought and resolution things could be made much better, and that quickly. He was intensely impatient of obstruction in every form. Again and again he preached that the risk in taking what seemed daring action was much less than the risk of doing nothing. The over-cautious in high places appeared to him to be perilous liabilities to the nation.

In the years that were to follow, various troubles beset the country and he was quick and fertile in the suggestion of remedies. He was not author-proud or obstinate, and was always ready to modify his proposals in the light of valid objections. But as the years went on he found on successive occasions, not valid objections, but mere obstructionism alternating with condescending interest — and nothing done! The country seemed to be sinking in hopeless inertia and complacency; thus, naturally enough, he grew more and more anti-Conservative. The only remedy put forward by the Conservative Party was Protection, and that he continued for some time to believe to be based on a fallacy.

He had derived, as we have seen, partly from the gentleness of his own nature and partly from the philosophy of his dearest friends, a strong vein of pacifism. In the 'twenties he was prepared for Britain to go far in the direction of disarmament. In this field those on the extreme left were congenial to him. Furthermore his hostility to the Conservatives was enhanced by the Treaty of Versailles, of which they were the chief upholders. His bitterness about it was sharpened by his involuntary implication in drafting its terms. The fact that he had been a subordinate did not relieve his conscience, nor had his subsequent resignation completely assuaged its qualms.

¹ Cf *Essays in Biography*, pp 79-83.

On the other hand, he was not a Socialist. His regard for the middle-class, for artists, scientists and brain workers of all kinds made him dislike the class-conscious elements of Socialism. He had no egalitarian sentiment; if he wanted to improve the lot of the poor and that quickly — and he believed that far more progress was possible than was being made — that was not for the sake of equality, but in order to make their lives happier and better. In morals the first claim upon the national dividend was to furnish those few, who were capable of “passionate perception”,¹ with the ingredients of what modern civilisation can provide by way of a “good life”. He often explained that these could not yet be provided for all — though the day when they could be might come more quickly than some thought. The idea of destroying anything good in itself in the interest of equality was anathema to him.

He was not a great friend of the profit motive; he found something unsatisfactory in the quest for gain as such, and came to hope that an economic system might be evolved in which it was curtailed. But he did not think it would be beneficial for the State to run industry and trade. He considered the doctrine of State Socialism to be quite obsolete, the reaction from an environment which had now changed out of recognition. Thus both in temperament and doctrine he was opposed to many elements in the Labour Party.

On the other hand, the Liberal Party did not completely satisfy him. Although he worked actively for it from time to time, he was by no means a Party man. He held that the principles and platform programme of the Liberal Party needed complete refurbishing. Some Liberal causes,— democratic enfranchisement, the abolition of tests, etc.— had triumphed so completely that nothing more had to be done. Social security also had triumphed in principle, although not yet fully in practice. Free Trade was of the utmost importance, but in this case the battle was a defensive one and was therefore not well suited to be the main engagement of a progressive party. How should the spirit of Liberalism cope with the new situation? How meet the new needs of the times? Too many Liberals were ready to pride themselves on past achievements and to suppose that there was a set of Liberal principles which could readily be applied to each successive situation without the need for new fundamental

¹ See p. 102

thinking. Keynes was not of that opinion. The spirit of Liberalism was living and imperishable, but in the year 1923 it appeared to him that a new programme would have to be devised, almost from beginning to end. Not that he supposed himself to have such a programme in his pocket. On the contrary, it could only be achieved by patient study of the ever-changing economic structure, and by the new idea that was apt to the situation.

His next years were spent in such thinking. He believed that Liberals should turn their backs on the old doctrine of *laissez-faire* which had served them in good stead in different circumstances. The State would have to intervene at many points. Yet the structure of a free economy with its scope for individual initiative must be preserved. Keynes remained essentially an individualist. In the twenty years that followed, many others have had the same idea; Keynes deserves study because he related it to the fundamental principles of economics and worked out its detailed applications. His work may still prove to be the foundation of a new kind of free economy, if freedom is indeed preserved.

There were other Liberals also who thought that the Liberal policy needed refurbishing, and some of these met together at Grasmere in the year 1921. The leading spirit among them was Ramsay Muir, who played a prominent part as an intellectual guide to the Liberal Party in the period between the wars. His mind was not a creative one in the highest sense, but he had enthusiasm, clarity, integrity and tireless industry. With him from Manchester was Mr. E. D. Simon, a man of notable business achievement, then Lord Mayor of Manchester, and an authority on the housing question. There were Mr. Walter Layton, Keynes' fellow-lecturer at Cambridge before the war, who had since proved himself an efficient public servant, and Sir William Beveridge, already famous for his work on Social Insurance. To cheer them all up was Philip Guedalla with his epigrammatic scintillations and coruscations. If we are not permitted to say that beneath this he was a "hard-headed Oxford man", we may record that he had great intellectual ability and might have risen to political eminence had the fortunes of the Liberal Party at that time been different. There was also Ted Scott, son of the great editor of the *Manchester Guardian*. This group did not approach the economic problem in quite the same way as Keynes, but they were interested both in an active policy of industrial reconstruction and in providing the rank and file of labour with

a status and dignity which should be as acceptable as the Utopian projects of Socialism — and more realisable.

One result of the Grasmere meeting was the establishment of the annual Liberal Summer Schools, the function of which was to consist in keeping Liberal enthusiasm alive, in educating a wide circle of Liberals in current problems, and in providing a forum for discussion. These "Schools", which met in the following years alternately at Oxford and Cambridge for a week in August, were an unqualified success, and they still continue.

The group did not rest content with the Summer School. Their members came together for week-ends during the winter to discuss each other's memoranda on current problems and projects of publication. One item in their discussion was the absence of a satisfactory Liberal weekly. It was true that there was the *Nation*. This was a most distinguished periodical which had been edited, since its foundation in 1907, by a great journalist, H. W. Massingham. He had a staff of able writers who were devoted to him. The impress of his personality upon the paper was marked; it had a distinction which appealed to intellectual people and has been rarely matched in weekly journalism. None the less from the point of view of the Grasmere group the *Nation* was not altogether satisfactory. It was not that it was insufficiently "left wing"; on the contrary, in some respects it seemed further to the left than its contemporary, the *New Statesman*, which was by way of supporting the Labour Party. But its leftwardness was somewhat negative, consisting in sincere and passionate denunciations of the wicked things that went on in the world. It voiced the eternal protest of men of refined feeling against the obliquities and callousness and falseness of politicians. This was extreme Liberalism verging almost on the realm of revolutionary Liberalism, but it was not Liberalism with a "new look". The paper was not the vehicle of fresh practical ideas adapted to the requirements of 1923. Furthermore, the *Nation* was not a paying proposition; some thousands of pounds were lost every year, and the Rowntree family, which financed it, was becoming a little restive. As the result of certain discussions, it appeared that new money could be found to reduce the burden upon the Rowntrees if some change could be effected in the outlook of the paper.

Massingham decided at once that he would have nothing to do with all this. Great sympathy was felt for him after his many years of eminent work. But the facts could not be gainsaid.

Keynes was already in a position to put up some money; others also came forward, the Rowntrees retaining a share. Keynes was to be Chairman of the new Board.

At first there was an idea that Ramsay Muir was the obvious man to be editor; but after some meetings it became clear that this would not work well. Although Keynes and Muir were alike in search of a new policy, their types of mind were somewhat different. In Keynes' view, they were starting with very little; it was needful to turn a penetrating gaze upon contemporary facts and glean from them, by science, by intuition, by political imagination, new types of remedies for new types of evils. It was a voyage of discovery on which they were embarked, to which Liberal principles could contribute little except the underlying spirit and temperament with which one approached the problems. Muir, on the other hand, tended to look inward to discover the truth. One had the feeling that locked within his breast was a sacred text in which the answers to all problems could be found. He was always ready with an answer, and that a sincere one; and this was a valuable gift in a politician. Keynes feared that these answers, derived from Muir's inner consciousness, might conflict with new ideas, hitherto unknown to Liberalism, which were derived from a study of the new situation. Muir was a modest man, but a stalwart crusader, with the pride of his own sincere beliefs. They both decided that there were possibilities of friction; Muir took on the editorship of the *Weekly Westminster*.

Mr. Hubert Henderson, first class-man of the Cambridge Economics Tripos before the war, had done distinguished service in the Cotton Control Board and had since been lecturing on money and allied subjects in Cambridge. He was an outstanding member of that small band there who were setting themselves to apply the wisdom of Marshall to the post-war world. He was installed as editor of the *Nation* and held that position until 1929.

Keynes devoted much of his time to the affairs of the paper, especially during its first year under the new auspices. He hoped to make it a paying proposition, but in this, although there was some improvement, he did not succeed. The price was reduced from 9d. to 6d. He endeavoured to secure a balance by curtailing overhead expenses and by increasing the advertisements. He refused to countenance economies at the expense of the remuneration of contributors; on the contrary, he sought to attract writers of the first rank by paying them handsomely. Bloomsbury was

roped in to assist. The first issue contained an article by Lytton Strachey on Sarah Bernhardt and one on Spain by Virginia Woolf. Other Bloomsbury names in due course appeared, as well as those of such distinguished writers as Augustine Birrell, Gilbert Murray, Maxim Gorky, Percy Lubbock, Osbert Sitwell, etc. At first it was hoped to secure Mr. T. S. Eliot as Literary Editor, but he was not immediately available and the paper could not wait. Mr. Leonard Woolf accepted that position; careful readers discerned that the literary part of the paper, in so far as it was political, was distinctly to the left of the political section where Mr. Henderson reigned supreme.

Keynes made it a rule never to interfere with the editorial policy. He went each week to the office and had a long talk with Henderson on the significance of current events. They saw eye to eye on many questions, but there was never any discussion about what line the paper ought to take. That was left to the exclusive discretion of Mr. Henderson. Keynes contributed nothing to the paper which was not signed or initialled, save for one note on Bouar Law. Henderson could on occasion write in a style of trenchant polemic. It was sometimes wrongly supposed that some of his admirably worded leaders were from the pen of Keynes.¹

For a number of years Keynes contributed signed articles at intervals of about a month. For the first seven issues, and again for four weeks in July 1923, he also contributed the "Notes on Finance and Investment". His main articles often aroused widespread interest, and on a number of occasions received notices — surely an unusual phenomenon in journalism — in the other important papers.

During 1923 most of his articles dealt with the development of the reparations problem, the subject on which he was an acknowledged expert. These were diversified by his address to the Liberal Summer School,² by a controversy with Sir William Beveridge on the population problem,³ and by two articles on Free Trade, in connection with the General Election which took place in the autumn of 1923.

¹ Cf. a number of anonymous articles wrongly attributed to Keynes on pp. 670-686 of the painstaking bibliography in *The New Economics* edited by Professor S. E. Harris.

² Issue of 11th August.

³ Issue of 26th October. Sir William Beveridge had given a presidential address to Section F of the British Association, to which Keynes made a more elaborate reply in the December issue of the *Economic Journal*.

The Liberal Summer School met this year at Cambridge, where Keynes moved Mr. Sheppard to produce his translation of the *Cyclops* for the benefit of a Liberal audience. Keynes' own address was mainly concerned with the evils of currency fluctuation and particularly of deflation. He thought that the Liberals ought to find in this currency question an important plank in their political platform. There were complaints that the currency question was difficult to follow, but Keynes insisted that the relevant arguments were no more complicated than those in favour of Free Trade. The general public had made the intellectual effort required to understand these arguments in the early Victorian period, to the lasting benefit of British politics and British prosperity. Why need it be assumed that they would be incapable of understanding the arguments in favour of a stable currency, which might well prove in the coming years to be an issue of as great moment for economic prosperity as the Free Trade versus Protection issue?

Keynes showed himself a convinced Free Trader in the two articles on that subject. One of them was specifically devoted to the fallacy of supposing that tariffs might be good for employment. During the General Election (1923) he made an important speech at Blackburn, in which he trounced the Protectionists and, striking at the left, attacked the proposal for a Capital Levy, of which he had been in favour immediately after the war. He criticised the inflexibility of the Labour leaders in not realising that the arguments which had been valid then were no longer so at present.

2

On 7th July 1923 the Bank Rate was raised from 3 per cent to 4 per cent. Never, perhaps, was the decision of the Bank of England Court more fraught with far-reaching consequences; for it set Keynes' mind working upon a line of thought which has had a world-wide influence lasting until this day. He made a strong comment upon it in his "Note on Finance and Investment" in the *Nation* of 14th July, and, contrary to the usual procedure when his contribution was merely a financial note, his name was billed on the cover of the paper. This rise in the Bank Rate was "one of the most misguided movements of that indicator that has ever occurred. . . . The Bank of England acting under the influence of a narrow and obsolete doctrine has made a great mistake."

Prices were falling and unemployment was severe, and it seemed clear that this change in the Bank Rate was not designed to adjust the internal credit situation, but was a step towards restoring sterling to its pre-war gold parity. What further steps would be required? Through what horrors of deflation might we be led?

During the winter of 1922-23 the centre of gravity of his interests shifted from the Reparations Problem to internal finance, and in November 1923 a book entitled *A Tract on Monetary Reform* appeared in the bookshops. This has an important place in economic history. Keynes wrote books of many different kinds, and a fascinating debate might be held about which had most ultimate significance. In the *Treatise on Probability* he explored the foundations of human knowledge in a work which, although not definitive, has continued to stimulate thought upon its deep problems. The *Economic Consequences* was his greatest masterpiece of polemic; it made his public reputation and had an important impact on foreign politics. The two large works, the *Treatise on Money* and *The General Theory of Employment, Interest and Money*, have had far-reaching effects on economic science and thereby indirectly on public policy. There are still purists who give the first prize to his book on *Indian Currency*. In spite of all this, a claim could be made on behalf of the *Tract on Monetary Reform*. For generations there had been economists who held that the Gold Standard was not the best possible form of money, recently a brilliant campaign had been conducted by the American economist, Irving Fisher. Yet on the whole it seemed that this sort of advocacy was confined to cranks and very academic economists. The Gold Standard — with the respectable alternatives of a Silver Standard or, now fading into the background, bi-metallism — was universally accepted. Its desirability was not a live issue. The *Tract on Monetary Reform* seemed to come near to making it one. Seemed — or had it really done so? At first this was in doubt, because, in spite of the book, Britain and most other countries returned to the Gold Standard shortly afterwards, and the matter appeared to be closed. However, the book caused a controversy which was sufficiently lively to be remembered for some years; the leading politicians and bankers took notice; the seeds of doubt had been sown among a wide public. For a year or two Keynes' view was in eclipse. But within a decade it had won the allegiance of at least half the world. Affection

for the Gold Standard may yet revive. If it does not, the historian will record that Keynes, almost single-handed, killed that most ancient and venerable institution.

It was a notable achievement, because the Gold Standard was perhaps the most respected and sacrosanct of all the mechanisms of nineteenth-century Capitalism. If a Labour Party had gained power in the first quarter of the twentieth century on a programme for nationalising the means of production and distribution, it would probably not have ventured to lay hands on the Gold Standard itself. Even Socialists claimed to respect the importance of a sound monetary system. It could, no doubt, be argued that it was the First World War that really killed the Gold Standard, since thereafter it has proved difficult to make it work.

Yet in 1923 the vast majority were still striving after it. It was Keynes who first gained wide interest for the doctrine that it was not a good thing in itself. He did it very quietly and gently. It is interesting to compare the forceful and passionate polemic of the *Economic Consequences*, where he knew exactly what he wanted to say and said it with a vengeance, with the tentative and almost diffident tone of the last fifty pages of the *Treatise*, where he was hardly doing more than thinking aloud. The reader feels that in Keynes' own mind the issue had for some time been in doubt. He finally reached his decision and explained in simple and unadorned language why he had done so.

The first section of the book does not carry a warning of innumerable proposals to come. There is a thorough, and sometimes amusing, analysis of the evils resulting from an unstable currency. "Thus Inflation is unjust and Deflation is inexpedient. Of the two perhaps Deflation is, if we rule out exaggerated inflations such as that of Germany, the worse; because it is worse, in an impoverished world, to provoke unemployment than to disappoint the *rentier*. But it is not necessary that we should weigh one evil against the other. It is easier to agree that both are evils to be shunned. The Individualistic Capitalism of to-day, precisely because it entrusts saving to the individual investor and production to the individual employer, *presumes* a stable measuring-rod of value, and cannot be efficient — perhaps cannot survive — without one."

There were controversial sallies, to titillate the reader, and Sir Josiah Stamp gave warning in an interesting review¹ that

¹ *Journal of the Royal Statistical Society*, May 1924.

these might jeopardise its persuasive effect. There is a reference to "many conservative bankers" who "regard it as more consonant with their cloth, and also as economising thought, to shift public discussion of financial topics off the logical on to an alleged 'moral' plane, which means a realm of thought where vested interest can be triumphant over the common good without further debate. But it makes them untrustworthy guides in a perilous age of transition." There is also in this section of the book an intriguing analysis of the rate at which a government can abstract purchasing power from the pockets of its citizens by means of inflation, the maximum possible rate tending to fall as inflation gets more rampant.

The middle part of the book has probably been the most widely read during the years since it appeared, as it has provided a convenient text for university teachers. Here Keynes re-entered the classroom and expounded the essential points of the "Cambridge" monetary theory. For a wider public he greatly simplified the formulæ which I had seen him place upon the blackboard a year earlier. The value of money was the consequence of the interaction of two decisions, the decision of the Central Bank as to how much credit to create and the decision of members of the public as to how much "real" value, *i.e.* how much purchasing power over goods, they wished from time to time to hold by them in the forms of currency or a bank balance. Policies of the former had long been carefully studied, but insufficient attention had been paid to motives actuating the latter. He also dealt with the "purchasing power parity theory" concerning foreign exchange rates, showing its usefulness and limitations; and he reproduced his account of the theory of forward foreign exchange rates from his *Manchester Guardian Supplement* article in a form useful for students. It is in the course of the academic section of the book that he used a phrase which we may now perhaps regard as proverbial in the English language. He spoke of the cruder form of the Quantity Theory of money as being valid only in the long run. "But this *long run* is a misleading guide to current affairs. *In the long run* we are all dead. Economists set themselves too easy, too useless a task, if in tempestuous seasons they can only tell us that when the storm is long past the ocean is flat again."

He moved quietly into the concluding explosive section of his book by presenting various alternatives. Should we prefer

devaluation or deflation? The answer to that was easy. He reproduced material from his *Manchester Guardian* article in favour of devaluation. Then we come to something more exciting. Should we choose to have monetary stability — the early section of the book had argued its supreme importance — in the form of stable internal prices or a stable foreign exchange rate? This was a momentous question which has troubled the waters of opinion ever since. In the post-war world experts had been urging monetary stability, and it was generally assumed that this meant a return to the Gold Standard. Keynes thought the time had come to seek greater precision and to pose the alternatives.

The tacit assumption that gold would provide a régime of fairly stable prices, as well as stable exchanges, had to be reconsidered. In the nineteenth century it had served sufficiently well, partly because the expansion of output from the gold mines had kept fairly good pace with the expansion of general production. We could not rely on a succession of new gold discoveries on an ever-increasing scale. There was another even more important point. The essence of the situation in the nineteenth century was that the value of gold had been determined by a large number of independent forces, resulting from the policies of various nations and the behaviour of their citizens. The effects of changes in these often cancelled one another out. But now the situation was entirely altered, owing to the great absorption of gold by the United States of America. There was no longer any independent entity which one could call the Gold Standard; the Gold Standard now simply meant the Dollar Standard. Furthermore, the dollar was already a managed currency. The Federal Reserve System had not been automatically increasing the volume of currency or of credit in the U.S.A. on the receipt of gold; had it done so, it would have produced a wild inflation there:

The theory on which the Federal Reserve Board is supposed to govern its discount policy, by reference to the influx and efflux of gold and the proportion of gold to liabilities, is as dead as mutton. It perished, and perished justly, as soon as the Federal Reserve Board began to ignore its ratio and to accept gold without allowing it to exercise its full influence,¹ merely because an expansion of credit

¹ The influx of gold could not be prevented from having some inflationary effect because its receipt automatically increased the balances of the member banks. This uncontrollable element cannot be avoided so long as the United States Mints are compelled to accept gold. But the gold was not allowed to exercise the multiplied influence which the pre-war system presumed. (Note by J. M. K.)

and prices seemed at that moment undesirable. From that day gold was demonetised by almost the last country which still continued to do it lip-service, and a dollar standard was set up on the pedestal of the Golden Calf. For the past two years the United States has pretended to maintain a gold standard. In fact it has established a dollar standard; and, instead of ensuring that the value of the dollar shall conform to that of gold, it makes provision, at great expense, that the value of gold shall conform to that of the dollar. This is the way by which a rich country is able to combine new wisdom with old prejudice. It can enjoy the latest scientific improvements, devised in the economic laboratory of Harvard, whilst leaving Congress to believe that no rash departure will be permitted from the hard money consecrated by the wisdom and experience of Dunge, Darius, Constantine, Lord Liverpool, and Senator Aldrich.

One might react to this by suggesting that to resume the gold link would allow Britain to enjoy the benefit of this currency management. Keynes saw objections:

It would be rash in present circumstances to surrender our freedom of action to the Federal Reserve Board of the United States. We do not yet possess sufficient experience of its capacity to act in times of stress with courage and independence. The Federal Reserve Board is striving to free itself from the pressure of sectional interests; but we are not yet certain that it will wholly succeed. It is still liable to be overwhelmed by the impetuosity of a cheap money campaign. A suspicion of British influence would, so far from strengthening the Board, greatly weaken its resistance to popular clamour. Nor is it certain, quite apart from weakness or mistakes, that the simultaneous application of the same policy will always be in the interests of both countries. The development of the credit cycle and the state of business may sometimes be widely different on the two sides of the Atlantic.

It is important to observe that Keynes did not conceive the issue at stake to be whether we should have a managed or an automatic standard. An automatic standard had for some time ceased to exist in practice and was now no longer available. The question for him was whether our currency should be managed so as to secure stable external value, *i.e.* to maintain a fixed dollar parity (so-called Gold Standard), or whether it should be managed so as to secure a stable internal price level. His decision was in favour of the latter.

How then should we proceed? His answer was simple —

“By an adaptation of the actual system which has grown up half haphazardly since the war”. The adaptation should consist in a conscious quest for a stable internal price level. He referred to Irving Fisher’s proposals, but doubted if they were adequate to cope with the short-period oscillations of the credit cycle. But he went some way with Fisher by allowing that “the authority should adopt a composite commodity as their standard of value in the sense that they would employ all their resources to prevent a movement of its price by more than a certain percentage in either direction away from the normal, just as before the war they employed all their resources to prevent a movement in the price of gold by more than a certain percentage”. The actual movement of prices must not be the sole criterion, since action resulting therefrom might be unduly delayed.

Actual price-movements must of course provide the most important datum; but the state of employment, the volume of production, the effective demand for credit as felt by the banks, the rate of interest on investments of various types, the volume of new issues, the flow of cash into circulation, the statistics of foreign trade and the level of the exchanges must all be taken into account. The main point is that the objective of the authorities, pursued with such means as are at their command, should be the stability of prices.

He suggested a somewhat more formal arrangement than we actually had in 1923 (or in the period from 1931 to 1939). The Court of the Bank of England should fix the price of gold each Thursday, just as it fixed the Bank Rate. It should enlarge the margin between its buying and selling price. It should also offer to buy and sell forward exchange at fixed rates, thereby allowing the British to offer a higher (or lower) short-term rate of interest to foreign borrowers (or lenders) than obtained on domestic loans in London. The Bank would then have three levers to operate. On any Thursday it could alter its official discount rate, it could alter its spot buying and selling prices of gold and it could, simultaneously or independently, alter its forward buying and selling prices of gold. Here was a notable plan which he put forward for careful consideration, before we embarked upon the perilous course of fixing a parity with the dollar.

The book created a great flutter. On the whole the reception was hostile. People were profoundly shocked at the idea of abandoning the sheet anchor of stability constituted by the Gold Standard. Keynes could by no means carry all his Liberal friends

with him. Indeed some Liberals were among those especially perturbed, since they intensely disliked handing over such an important subject to the discretion of the Government. They were not impressed by the argument that the currency was bound to be a "managed" one in any case. The bogey of a great inflation was produced. To Keynes this seemed irrelevant. He deemed England a sufficiently mature country for it to be possible to assume that the authorities could be trusted to carry out a policy of monetary reform faithfully, and would not indulge in an orgy of feckless note issue. This was a notable mark of his respect for the Treasury and the Bank, despite the severe attacks he had felt bound to make upon them recently. It was one thing to accuse them of hopeless Conservatism, obscurantism, pigheadedness, failure to read the signs of the times, failure to introduce the reforms that were needed if Capitalism was to be saved, and quite another to assume that they were so irresponsible that, if only they were given the power, they would embark on a career of squandermania by printing bank-notes. Keynes believed that the old boys were fundamentally trustworthy and well-meaning; but they were blind and complacent, and greatly needed prodding. The old-fashioned Liberals ran away from his proposals on the dogma that Central Authorities can in no event be trusted; but these Liberals had no cure for the current ills. Thus Keynes had great initial difficulties in gaining acceptance for ideas which might provide the middle way between Socialism and a collapsing Capitalism. To him this currency reform was all-important, because it would be the basis for the other reforms that he was beginning to have in mind.

3

On 12th April 1924 no less a person than Lloyd George wrote to the *Nation* calling for a large-scale programme of public works. Unemployment figures had been for some time in the neighbourhood of a million. Lloyd George was the type of Liberal who was not averse from State intervention; he was temperamentally inclined to meet the manifest social evil of unemployment by positive action; the idea of a streamlined and up-to-date nationwide system of public utilities appealed to him; this seemed a fitting plan to offer in substitution for the inertia of the authorities. Lloyd George had been out of office for more than a year, and was seeking a policy both in agriculture and industry that would

have some popular appeal. There followed a stream of letters from such authorities as Mr. Walter Layton and Sir William Beveridge. Keynes allowed the correspondence to gather momentum, keeping his admirers in suspense about his own views, and finally intervened himself on 24th May: *Does Unemployment Need a Drastic Remedy?* Yes, it did. He proposed that the Treasury should use the Sinking Fund "to spend up to, say, £100,000,000 per year on the construction of capital works at home, enlisting in various ways the aid of private genius, temperament and skill". Housing was clearly a much-needed form of capital development, and he hinted at what we have come to know as "prefabs", an idea to which his mind reverted in Washington in 1944. "It should not be beyond the technical accomplishments of our engineers to devise a national scheme for the mass production of houses which would supplement the normal activities of the building industry and make up in 5 or 10 years the deficiency with which the latter has proved unable to deal." He also recommended the adaptation of our road system to the needs of modern transport, and a large scheme for the transmission of electric power. "I look, then, for the ultimate cure of unemployment and for the stimulus which shall initiate a cumulative prosperity to monetary reform — which will remove fear — and to the diversion of the National Savings from relatively barren foreign investment into state-encouraged constructive enterprise at home, which will inspire confidence. That part of our recent unemployment which is not attributable to an ill-controlled credit cycle, has been largely due to the slump in our constructional industries. By conducting the national wealth into capital developments at home we may restore the balance of our economy. Let us experiment with boldness on such lines — even though some of the schemes may turn out to be failures, which is very likely."

Two weeks later he replied to criticisms in an article which laid great stress on the diversion of savings from foreign investments.

In my opinion, there are many reasons for thinking that our present rate of foreign investment is excessive and undesirable. We are lending too cheaply resources which we can ill spare. Our traditional, conventional attitude towards foreign investment demands reconsideration; it is high time to give it a bad name and to call it "the flight of capital". But I must limit myself

here to the single aspect which is relevant to the special problem of unemployment.

Some foreign investments lead directly to the placing of orders in this country which would not be so placed otherwise. Whether or not they are desirable on general grounds, such investments do no harm to employment. As a rule, however, this is not the case. A foreign loan does not, any more than a demand for Reparations, automatically create a corresponding flow of exports. Let us take a particular example. Last week New South Wales borrowed in the London market £5,500,000 new money "for railways, tramways, harbours, rivers and bridges, water supply, irrigation, sewerage and other purposes". A part of this may pay for orders placed here arising out of these undertakings. Probably the greater portion will not be used thus, but in paying labour on the spot, and importing supplies from elsewhere. That is to say, the resources will be transferred to Australia in roundabout ways. Sooner or later, the matter must be adjusted by increased British exports or diminished British imports. But this can only come about through the medium of a depreciation of the sterling exchange. Our exchanges have to depreciate so as to stimulate our export industries at the expense of our "sheltered" non-export industries, and so redress the balance between the two. If the world demand for our exports at the present price level is inelastic, a considerable depreciation may be necessary to do the trick. Moreover, there may be violent resistances to the process of adjustment. The fall of the exchange tends to raise the "cost of living", and the "sheltered" industries may struggle to avoid the reduction of real wages which this entails. Our economic structure is far from elastic, and much time may elapse and indirect loss result from the strains set up and the breakages incurred. Meanwhile resources may lie idle and labour be out of employment.

The old principle of *laissez-faire* was to ignore these strains and to assume that capital and labour were fluid; it also assumed that, if investors choose to send their money abroad at 5 per cent, this must mean that there is nothing at home worth doing at 5 per cent. Fifty years ago, this may have been a closer approximation to the truth than it is now. With the existing rigidity of the trade union organisation of labour, with the undue preference which the City organisation of new issues and the Trustee Acts afford to overseas investment, and with the caution which for many reasons, some good and some bad, now oppresses the undertaking of new capital investment at home, it does not work.

Can I now carry my critics with me this far,—that, if in the last six months, instead of £10,000,000 capital issues for new home

developments and £50,000,000 for new developments abroad, the figures had been the other way round, this would have been a change for the better, and favourable to employment? Surely they cannot maintain that England is a finished job, and that there is nothing in it worth doing on a 5 per cent basis. Then let them agree with me in wishing, if we could manage it, to stimulate investment at home.

In considering how to do this, we are brought to my heresy — if it is a heresy. I bring in the State; I abandon *laissez faire*, — not enthusiastically, not from contempt of that good old doctrine, but because, whether we like it or not, the conditions for its success have disappeared. It was a double doctrine, — it entrusted the public weal to private enterprise *unchecked* and *unaided*. Private enterprise is no longer unchecked, — it is checked and threatened in many different ways. There is no going back on this. The forces which press us may be blind, but they exist and are strong. And if private enterprise is not unchecked, we cannot leave it unaided.

For these reasons I claim to be nearer than Mr. Brand to the realities and possibilities of the modern world in repeating that the next developments of politic-economic evolution will emerge from new experiments directed towards determining the appropriate spheres of individual and governmental action.* And proceeding to particulars, I suggest that the State encouragement of new capital undertakings by employing the best technical advice to lay the foundations of great schemes, and by lending the credit and the guarantee of the Treasury to finance them more boldly than hitherto, is becoming an inevitable policy. There is no sphere where private initiative is so lacking — for quite intelligible reasons — as in the conception and execution of very costly projects which may be expected to yield from 5 to 6 per cent. The Trade Facilities Act continues to depend on private initiative, and only such projects are helped by it as private enterprise is inclined to plan and to back. Mr. Brand, the City Editor of *The Times*, and many others point to the unused balance of credit under this Act as convincing proof that there is nothing more to be done. I do not agree, because big new projects of a public character are not the kind of thing for which the Act is devised. Let me set against this the very recent report of the Chamber of Shipping Committee, which points out the urgent need of expensive developments in many of our great ports, as one proof amongst many that the equipment of this country is not complete and up-to-date in all respects. Indeed, it is a bold and hazardous saying of my critics that our savings must drift abroad at 5 per cent because there is simply nothing worth doing in England at that price.

We may ask ourselves what would have been the economic fortunes of Britain had she not returned to the Gold Standard in 1925, thus saving herself from the Coal Strike and the General Strike and other consequential industrial troubles, had she shaped a policy for maintaining the sterling price level when the world slump came in 1929, and had she executed a thorough reconstruction of her public utilities and basic industries in the 'twenties, when she had spare resources for the purpose. Such a reconstruction was found to be sadly overdue ten and twenty years later. In connection with this last point we may wonder if there were at the time youthful members of the Labour Party who judged that Keynes had more to offer than the stale old doctrines, and made mental notes of the plan for large-scale capital development,—only to have the opportunity to bring them out of their mental pigeon-holes at a period, of all periods in British history, the least suitable for such an undertaking, namely, 1945-50. The mind of the public was slow to move in 1924, and Keynes got little support for his double policy, which was planned to meet contemporary evils.

At the Liberal Summer School, in Oxford that year, Keynes returned to the charge upon the subject of foreign investment. He claimed that the Trustee Acts gave it undue preference; he put together a gloomy tale of how many of our past investments overseas had resulted in loss and default. Let the Trustee Act be amended so as to give home requirements a better chance.

Keynes spoke with vehemence and a manifest desire to persuade. The matter clearly seemed to him to be one of the utmost importance. The audience was interested, but showed no signs of sharing his sense of urgency. I was there myself and watched its reaction closely. The feeling seemed to be that Keynes had made a case with his usual effectiveness for being somewhat more critical of foreign investment. This, however, appeared to be rather a specialised point, worth taking note of, but not apparently related to any big plan in the Liberal programme. Indeed, if one looked at his proposition from a political standpoint, it seemed somewhat anti-Liberal in tendency. Liberals had always stood for a large foreign trade and an international outlook. This preference for home projects seemed to be a little nationalistic in flavour. It might be wise, but was it specifically Liberal? Furthermore, from another point of view it was not very attractive, for many of the investments would be in our Dominions

and Colonies, and so the proposition appeared to have a Little England flavour at a time when the Liberals had long ceased to think in Little England terms. Thus Keynes' address seemed rather to be fulfilling the educational function of the school than making a contribution to a fighting programme.

Yet Keynes himself clearly thought of it differently; to him what he had to say was obviously central and crucial. Why was this? Let it be granted that all that he said about the disappointments in past investments abroad was true; let it be granted that we should be more cautious in future; let it be granted that the Trustee Act should be amended to give home development a better chance. Yet why was all this so crucial? In his mind it was clearly linked with the cure of unemployment. That certainly was crucial — but what exactly was the connection? Watching his enthusiasm on the one side and the comparative apathy of the audience on the other, I felt that there was some missing clue, something unexplained, that his statement needed amplification, that there was some message which he had failed to deliver.

There was indeed a missing clue. The task of discovering that clue was to occupy the next twelve years of his life. What was lacking was an explanation in terms of fundamental economic theory of the causes of unemployment. Orthodox theory did not appear to justify Keynes' contention that it could be reduced by diverting investment from foreign to home channels, and his own arguments seemed inconclusive.

Various interesting reflections occur in this connection. One is how early (1924) Keynes had completed the outline of the public policy which has since been specifically associated with his name — credit control to eliminate the credit cycle, State-sponsored capital development and, for a country in Britain's position, some check upon the outward flow of capital. The main framework was there in 1924. If Keynes put forward these proposals before being in a position to give a full theoretical justification of them, that was, no doubt, because he deemed it urgently needful for Britain to act with speed. It must not be inferred that they were thrown out at random.

In the last two years he had been actively working on the theory of credit and capital. He had been feeling his way forward. The processes of the mind are inscrutable. Did he in some primitive sense already know the theoretical conclusions that he was later to articulate? He had uncanny powers of

intuition. Is it possible for the mind to jump from the data which are the premises of an argument to the practical conclusions, without being conscious oneself of the theoretical conclusions, which are none the less the necessary logical link between the premises and the practical conclusions?

It is desirable to give some example of the theoretical dilemmas presented by his address. Why was he urging that a diversion from foreign to home investment would increase employment? He admitted that if foreign investment declined our exports would decline correspondingly, since our excess of exports would be equal in value to our foreign investment. Why therefore was not the loss of employment in the export trades due to the reduction of foreign investment equal to the gain of employment resulting from the additional investment at home? We may revert to his argument in the *Nation* article that, when a new foreign investment was undertaken, there was not an immediate adjustment, until in due course there had been a pressure upon the foreign-exchange rates necessary to promote the excess of exports required; but surely this maladjustment was "short run" even by Keynes' standard, for he was arguing in terms of a programme for the next ten years. The reference to a consequential reduction in our standard of living would have been relevant, had he been arguing against an expansion of our foreign investment; but in fact he was arguing in favour of a reduction. Keynes tended to fall back upon his argument that so many of these foreign investments came to a bad end; but that was another point; it did not show that while they were going on they were any less good for employment than a corresponding value of investment at home. No really satisfactory explanation was offered.

Throughout the discussion Keynes seemed to have the idea that there was, so to speak, a lump of saving. He argued as follows. Let us suppose that the National Debt Commissioners contributed £100 million to the Sinking Fund. Holders of the Debt paid off would, by hypothesis, be either trustees or the type of investors who like trustee securities. They would then seek about for the next best thing, and find it, under the influence of the Trustee Act, in overseas investment. How much better, Keynes argued, if that £100 million went to home development. There was in his conception a definite amount of saving which could either be applied one way or the other. There was no hint of the notion that when, at a time of domestic unemployment, the authorities

stimulated certain domestic capital developments, the additional activity and income-earning would themselves generate part or all of the savings required to finance the development. At this point Keynes was ill-equipped to combat what came to be called the Treasury view, which was that public works simply diverted savings from one outlet to another and failed to increase total activity. Mr. Hawtrey himself, whose writings on credit and banking policy greatly influenced Keynes in other respects, subscribed to the Treasury view in this matter. According to him, if one expanded public works without expanding bank credit, one did not add to employment; if one expanded bank credit, one could add to employment without public works.

If one asked why, if payable projects existed at home, private enterprise had not found them out, Keynes offered an *ad hoc* and personal, rather than a theoretical, answer. There was as yet no hint that "liquidity preference" prevented the rate of interest falling to its proper level, which would render the projects in question payable. Instead we have the explanation that "there is no sphere where private initiative is so lacking — for quite intelligible reasons — as in the conception and execution of very costly projects which may be expected to yield from 5 to 6 per cent". (We need not, of course, reject this institutional explanation, even when we have the benefit of a theoretical one to reinforce it.)

When we have Keynes' *General Theory* (1936) in our hands, it is easy in retrospect to give a theoretical defence of the practical policy which he outlined in 1924. The Theory of the Multiplier gives the answer to the Treasury view, which is based on the idea of a lump of savings. The "liquidity preference" theory of interest explains why payable domestic projects are not put in hand. Finally, the Multiplier theory explains both why domestic public works will give more employment than foreign investment, and also why — even when we have abandoned the lump of savings theory — some discouragement of foreign investment will be needed to make way for home investment. If the economy passes from a state of considerable unemployment to one of much greater activity, imports will rise and, given the standard of living, the excess of exports over imports will be reduced. Thus the funds available for foreign investment will be reduced, not as Keynes seemed to imply at this early stage by the exact amount of the home investment, but by a different amount which depends

on the marginal propensity to import. Thus a text-book explanation can now be given of the whole programme which Keynes propounded in 1924

He did not give it himself at the time, and for that reason his plea lacked something in final potency. When Cobden and Bright undertook their great campaign, they could always reinforce their *ad hoc* platform arguments by the more fundamental reasoning to be derived from the pages of Adam Smith and Ricardo. Keynes was still lacking in the support of more fundamental modes of argument, and in due course had to forge them for himself. At the close of 1924 he was already planning in his head a treatise on the credit cycle. He did not then know how long and laborious the way was to be before his ideas took final shape. It indeed final is the right word, for there can be little doubt that with life and leisure Keynes would have reached a further stage in the development of his own thought.

Later in the year (October) he had another opportunity to ventilate his views about savings and investment. A Committee was sitting in order to report on Taxation and the National Debt (the Colwyn Committee). He made his point about the Trustee Act. He also departed from the austerity of orthodoxy by holding that it was not necessarily desirable to fund as much of the short-term debt as possible, the quantities of short-term debt and long-term debt available should be arranged to suit the taste of the market. While recognising the value of a Sinking Fund, he did not subscribe to the virtues of a large one in the existing circumstances, the redemption of debt might mean taking money from the enterprising to put it into the hands of those who prefer gilt-edged security, they in their turn would lend abroad. A large Sinking Fund would be desirable if it were combined with a large programme of public works, which would provide the productive outlet at home for the capital made available by the Sinking Fund. He also proposed for the consideration of the Committee a scheme for State Bonds, which would have a guaranteed stable commodity value. This might attract certain investors and was in line with his general advocacy of a stable currency.¹ He gave evidence again in the following spring explaining why he was opposed to a Capital Levy in existing conditions.

¹ Some of his views appear in his review in the Report of the Committee in the *Economic Journal*, June 1927.

His academic work gained recognition at this time by his being made a foreign member of the Swedish Academy of Science

In the political world he returned to the charge in the General Election, making a speech at a big rally in Cambridge in support of the borough Liberal candidate. He criticised the Russian loan and continued to give warning against the dangers of Protection.

Meanwhile he had other intellectual tasks to perform in the course of 1924. On 13th July Alfred Marshall died, and Keynes set himself to compose the obituary notice for the *Economic Journal*.¹ Mary Marshall, the economist's widow, wrote to Keynes' mother, "I am indeed glad that Maynard is writing it, for he will do it beautifully and Alfred was proud to count him among his pupils". The note ran to sixty-two pages and is of permanent value, since it contains Keynes' summary of what he regarded as Marshall's principal original contributions to economics. It is also a fine example of the biographer's art. Keynes had shown his power of portraying the weaknesses of his adversaries in vivid and unforgettable touches, now he proved that he could do a balanced portrait, fashioned with the loving care of a pupil, but not omitting criticism. He made Marshall live for his readers and endeared him to them, and his account of the Cambridge background is also of abiding interest.

A little later he contributed to the *Nation* a short obituary sketch of his old supporter at the Cambridge Union and colleague in Paris, Edwin Montagu.

The Sidney Ball Foundation invited him to give its annual Lecture at Oxford. The title he chose was *The End of Laissez-Faire*.² He was hot on the trail now. The foundations of old-fashioned Liberalism were to be finally demolished and a philosophical background provided for the new policy. He knew that Oxford was well read in the great thinkers of the past, and rightly judged that it would intrigue his audience to hear his comments on them. His address was an elegant performance,

¹ September 1924. The issue was somewhat delayed. His fellow editor, F. Y. Edgeworth, informed me that he regarded the delay as amply justified by the superb notice. See footnote on p. 142.

² 29th November 1924. It was reprinted in *Essays in Biography*.

³ *The End of Laissez-Faire* was published by Leonard and Virginia Woolf at the Hogarth Press in 1926, being based on the Sidney Ball lecture delivered before the University of Oxford in 1924 and a lecture delivered before the University of Berlin in 1926. (See below, p. 378.)

he leapt from idea to idea with fascinating agility, picking up the various strands of thought that contributed to the nineteenth-century doctrine of *laissez-faire*. Although his presentation was witty and adroit, it was not completely satisfying, since this part of his task was destructive and the time at his disposal brief. His treatment of the great thinkers, whose first editions he was so zealously collecting at this time, was inevitably somewhat cavalier. He sought targets for attack, to the neglect of the profound wisdom of the great men, Locke, Hume, Rousseau, Bentham, Burke, Paley, Malthus, Darwin, whose names bespeckled his pages.

The second part of his discourse was concerned with the principles of policy in a society that had abandoned *laissez-faire*. In retrospect his proposals appear extraordinarily modest. In the first place, he cited what he called the "self-socialisation" of big concerns, of which the prime example was the Bank of England, whose policy was uninfluenced by the quest to maximise dividends and was solely governed by considerations of efficiency and public interest. This was a development to be encouraged. If it proceeded, as it was bidding fair to do, it would remove the necessity for State Socialism. "There is, for instance, no so-called important political question so really unimportant, so irrelevant to the reorganisation of the economic life of Great Britain, as the nationalisation of the railways."

Next he proceeded to policies where this solution did not apply.

I come next to a criterion of Agenda which is particularly relevant to what it is agent and desirable to do in the near future. We must aim at separating those services which are technically social from those which are technically individual. The most important Agenda of the State relate not to those activities which private individuals are already fulfilling, but to those functions which fall outside the sphere of the individual, to those decisions which are made by no one if the State does not make them. The important thing for Government is not to do things which individuals are doing already, and to do them a little better or a little worse, but to do those things which at present are not done at all.

He proceeded to deal with managed currency, and then :

My second example relates to Savings and Investment. I believe that some co-ordinated act of intelligent judgment is required

as to the scale on which it is desirable that the community as a whole should save, the scale on which these savings should go abroad in the form of foreign investments, and whether the present organisation of the investment market distributes savings along the most nationally productive channels. I do not think that these matters should be left entirely to the chances of private judgment and private profits, as they are at present.

His third example concerned the need for a population policy.

In his final section he confessed discontent with the predominance of the money motive in the lives of many :

There is nothing in these reflections which is seriously incompatible with what seems to me to be the essential characteristic of Capitalism, namely the dependence upon an intense appeal to the money-making and money-loving instincts of individuals as the main motive force of the economic machine. . . .

In Europe, or at least in some parts of Europe — but not, I think, in the United States of America — there is a latent reaction somewhat widespread, against basing Society to the extent that we do upon fostering, encouraging, and protecting the money-motives of individuals . . . Most religions and most philosophies deprecate, to say the least of it, a way of life mainly influenced by considerations of personal money profit. On the other hand, most men to-day reject ascetic notions and do not doubt the real advantages of wealth. Moreover, it seems obvious to them that one cannot do without the money-motive, and that, apart from certain admitted abuses, it does its job well. For my part, I think that Capitalism, wisely managed, can probably be made more efficient for attaining economic ends than any alternative system yet in sight, but that in itself it is in many ways extremely objectionable. Our problem is to work out a social organization which shall be as efficient as possible without offending our notions of a satisfactory way of life.

The next step forward must come, not from political agitation or premature experiments, but from thought. We need by an effort of the mind to elucidate our own feelings. At present our sympathy and our judgment are liable to be on different sides, which is a painful and paralysing state of mind. . . . There is no party in the world at present which appears to me to be pursuing right aims by right methods. Material poverty provides the incentive to change precisely in situations where there is very little margin for experiments. Material prosperity removes the incentive just when it might be safe to take a chance. Europe lacks the means, America the will, to make a move. We need a new set of convictions which

spring naturally from a candid examination of our own inner feelings in relation to the outside facts".¹

There the matter rested. What then? He had not yet thought things through.

4

In the second half of 1924 sterling began to rise in a sinister manner in the foreign-exchange market. The originating impulse was obscure; it may have been connected with Federal Reserve policy; America had a minor trade recession in that year, and the Federal Reserve system, in accordance with its now well-established practice, proceeded to pump in credit in order to stimulate trade; this may have been the initial cause of the weakening of the dollar against sterling. Be that as it may, there is no doubt about what was responsible for the continuing major upward movement; a return to the old Gold Standard was definitely in the air now, and bulls were buying sterling at a discount in order to make a profit when the old parity should be re-established. The important thing to notice was that the rise in sterling did not reflect a reduction in British costs or a rise in American prices.

Keynes continued to hold that we should not return to the Gold Standard at all; as the months moved on, he seemed to be more and more isolated in this opinion. Even those, whose views on monetary policy were very near to his, thought that we should return. He was close in accord, for instance, with Mr. R. G. Hawtrey on the subject of banking policy and owed much to his writing.² Mr. Hawtrey hoped that under cover of the Gold Standard international co-operation in managing the value of money might be achieved on the lines of the resolutions of the Genoa Conference, in securing the adoption of which he had played a principal part. Reginald McKenna, now Chairman of the Midland Bank, was a fervent advocate of a managed currency on lines similar to those desired by Keynes. But he too thought that the thing could be done under the aegis of a Gold Standard. In the political world even his old friend Asquith (now Lord Oxford) felt it necessary to pronounce in favour of a return to gold at a meeting of the Cambridge University Liberal Club — a most unkind cut!³ Keynes was a voice in the wilderness. There

¹ All quotations taken from the pamphlet as it finally appeared.

² In the autumn of 1922 he held Mr. Hawtrey up to me, as the best writer on currency and credit.

³ 9th March 1925.

hardly seemed now to be any respectable opinion on his side. It was a remarkable example of courage of conviction in a good cause. Only seven years later the great mass of opinion had come over, deeming that the return in 1925 to the pre-war parity had been a disastrous mistake. Keynes continued his advocacy by speaking and writing until the bitter end. He contributed two important articles to the *Nation* on 21st February and 7th March 1925. He caused some surprise in the latter by supporting the recent rise in the Bank Rate, as he deemed that the internal situation now justified it. This was not an inconsistency. If a currency is to be well managed, it does not follow that, if a rise in the Bank Rate was wrong in mid-1923, it was also necessarily wrong in 1925. On 18th March he delivered an address before the Commercial Committee of the House of Commons restating his views.

As the danger of the return became imminent, his interest naturally shifted from the superiority of a managed currency, as such, over a Gold Standard, to the error of re-establishing the Gold Standard at the pre-war parity. He contributed two articles to the *Nation* (4th and 18th April) on the over-valuation of sterling. It was difficult to prove the point precisely by means of index numbers, since, as he repeatedly pointed out, general index numbers of wholesale prices tend to move with the actual established rates of exchange and fail therefore to reflect internal prices and costs; but it is these latter that are relevant when we want to judge whether an actual rate of exchange is or is not at an equilibrium level. Keynes was on strong ground in holding that if the exchange was in equilibrium in mid-1924 it was certainly out of equilibrium in the spring of 1925, since the sterling exchange had moved up by some 10 per cent, while British costs had not fallen nor American prices risen.

The now inevitable return to the Gold Standard occurred on 29th April. This was a bitter disappointment to Keynes. He saw in it the triumph of unreasoning prejudice. On the morrow he made a mistake, which was perhaps due to his ever buoyant optimism. He clung to the hope that things could not be as black as they seemed. By a misunderstanding of the legal position, he assumed too hastily we had only half gone back to the Gold Standard, that we had imposed a maximum but not a minimum price for gold, so that the foreign exchange would still be free to fluctuate in a range above the old parity; he welcomed

this; things would not be too bad, if only an inflation developed in America raising prices there by the necessary 10 per cent. He had to make a recantation in a letter to *The Times*¹ and in the following issue of the *Nation*.²

On 10th June of the preceding year (1924) Mr. Philip Snowden (then Chancellor of the Exchequer) had appointed a strong committee to advise him on the amalgamation of the Treasury note issue with that of the Bank of England. This committee consisted of Lord Bradbury, Mr. Gaspard Ierrer, Sir Otto Niemeyer and Professor Pigou. Keynes gave evidence on this technical point. Some time afterwards the committee was evidently asked to divert its attention to the broader issue of the return to the Gold Standard. In his Budget speech announcing the return, Mr. Churchill, who had become Chancellor, referred to the Report as containing a reasoned marshalling of the arguments. In fact the committee contented itself with a somewhat summary survey. It had not considered how the whole range of prices and wages in Britain were to be reduced, in order to bring the internal value of the currency into line with its enhanced external value, nor did it consider any of the major problems connected with the return. Keynes pitched into this report with great ferocity in an article in the *Economic Journal*.³ For him this was a grim moment. All his hopes for basing a new policy for capitalism on a managed currency were dashed. In view of the Chancellor's description, he argued, one might have expected a weighty document, comparable with the long chain of classic reports on British currency, or at least an "armoury of up-to-date arguments in favour of old-fashioned expedients. But we find instead a few pages, indolent, jejune."

In such a case it did not occur to him that asperity should be reduced in order to avoid hurting feelings. The committee included Professor Pigou. This was not an anonymous banker, but his very old friend, his colleague, his teacher, his benefactor. He may have judged, if he pondered upon the matter, that Professor Pigou had a certain grandeur of soul which would enable him to receive such knocks in good part, if he knew that they were actuated by sincere conviction. Not all his adversaries through life were of such temper. It has to be recorded that all seemed fair to him in controversial warfare, and that he seldom paused to consider whether what his cause gained by the insertion of

¹ 6th May 1925

² 9th May 1925

³ June 1925

an expression of obloquy was enough to justify the pain that it might give.

Inflation did not come in America; the Federal Reserve System kept business running in 1925 on a fairly even keel. To his horror, but not to his surprise, Keynes found that the British authorities were not putting in operation any plan to reduce costs in Britain and bring them into line with the new gold parity. It appeared that the first industry to suffer the full impact would be the coal industry, for this had a large export trade with many frontiers of keen competition, and wages constituted much the largest part of its cost of production. It was impossible for the coal industry to keep its export markets, save by exporting at a loss or by the reduction of wages. Accordingly it was decided that wages must be reduced, and a grave crisis threatened. Keynes judged that this was but the first instalment of troubles to come.

He got to work and composed three articles for the *Evening Standard* — which on the whole had been sound on the gold question — and these he published in a pamphlet with the Hogarth Press (Leonard and Virginia Woolf) under the title *The Economic Consequences of Mr. Churchill*. Once thought of, such a title was irresistible, if one desired one's words to be read by as many as possible. It did not imply that Keynes felt that much personal blame should be attached to Mr. Churchill. His attack was directed in part against popular clamour, but first and foremost against the experts who had advised the Chancellor. This was made plain in the pamphlet. Some years later Keynes wrote two reviews of Mr. Churchill's *The World Crisis* (March 1927 and March 1929), which were reproduced in *Essays in Biography*. These show that Keynes had not only an intellectual appreciation of Mr. Churchill's gifts, but also a certain warmth of sympathy for one whose type of mind was very different from his own. We may quote his concluding paragraph :

The chronicle is finished. With what feelings does one lay down Mr. Churchill's two-thousandth page? Gratitude to one who can write with so much eloquence and feeling of things which are part of the lives of all of us of the war generation, but which he saw and knew much closer and clearer. Admiration for his energies of mind and his intense absorption of intellectual interest and elemental emotion in what is for the moment the matter in hand — which is his best quality. A little envy, perhaps, for his undoubting con-

viction that frontiers, races, patriotism, even wars if need be, are ultimate verities for mankind, which lends for him a kind of dignity and even nobility to events, which for others are only a nightmare interlude, something to be permanently avoided.

These words were written eleven years before the sublime apogee of Mr. Churchill's great career.

Keynes' pamphlet was composed in his finest controversial style. Every sentence told. The arguments were unanswerable, and the reviewers, mainly hostile, could only fume and splutter. We had deliberately raised the external value of the currency by 10 per cent and had not planned for adjusting internal values. Workers in export industries would be required to reduce their wages; this would be quite a reasonable proposition if there were any plan for reducing all prices and wages in the country in similar proportion, so that the money wage reductions would be only nominal and not imply any loss in standards of living. If this was not done — and there was no plan to do it — workers in the export trades would suffer gratuitous hardship. Or was there a plan to do it? If there was, it apparently consisted in a deflationary policy, which meant in essence the creation of sufficiently massive unemployment by the restriction of credit to enable one to impose wage-cuts by *force majeure* — a terrible process which it might take years to carry through to the bitter end, and one not conducive to high production or industrial progress in the interval. Meanwhile valued export markets would be lost, perhaps irretrievably.

A year before there had been no sufficient reason for a reduction in the coal miners' wages. Now they were being faced with the alternative of such a reduction or unemployment, and it would not be easy for them to find work elsewhere:

On grounds of social justice, no case can be made out for reducing the wages of the miners. They are the victims of the economic Juggernaut. They represent in the flesh the "fundamental adjustments" engineered by the Treasury and the Bank of England to satisfy the impatience of the City fathers to bridge the "moderate gap" between \$4.40 and \$4.86. They (and others to follow) are the "moderate sacrifice" still necessary to ensure the stability of the gold standard.

He put forward a constructive proposal that the Government should take steps to negotiate an all round 5 per cent cut in wages

and salaries, subject to a guarantee that prices would fall correspondingly; to secure equity as between wage and salary earners on the one hand and property owners on the other, he proposed the rough-and-ready remedy of an increase in the Income Tax by 1s in the pound. The economic argument of the pamphlet was supplemented by an important letter to *The Times* on 4th September.

His words were unheeded. The coal industry was maintained in action by a subsidy during the winter, and the nation then suffered the great disaster of the Coal Strike and the General Strike. In the years between 1925 and 1929 Britain's industrial progress was markedly less than that in other countries.

5

The Liberal Summer School at Cambridge no doubt expected to hear more about gold and coal. But he judged that his readers had now been satisfied with this subject, and instead he read a delightful paper entitled "Am I a Liberal?"¹ This set out in an amusing way the dilemma of having to choose between the inadequacies of Conservatism and Socialism,* and expressed his political point of view which I have already outlined.² It may be of interest to quote one section of the address. Readers will not have forgotten that all through those crowded years Keynes was in intimate and daily contact with his Bloomsbury friends. They were, in a sense, a different world. We may remember their paramount interest in the subtler problems of private life. We can imagine their chaffing him, and saying, "Why do you politicians never talk about anything that really matters?" On this occasion he would take up the challenge. Among the five topics that should be the main concern of the Liberal Party in the future he included "Sex Questions".

The questions which I group together as Sex Questions have not been party questions in the past. But that was because they were never, or seldom, the subject for public discussion. All this is changed now. There are no subjects about which the big general public is more interested, few which are the subject of wider discussion. They are of the utmost social importance, they cannot help but provoke real and sincere differences of opinion. Some of them are deeply involved in the solution of certain economic questions. I cannot doubt that Sex Questions are about to enter the

¹ Reprinted in *Lays in Persuasion*, 1931.

² See pp. 330-34.

political arena. The very crude beginnings represented by the Suffrage Movement were only symptoms of deeper and more important issues below the surface.

Birth Control and the use of Contraceptives, Marriage Laws, the treatment of sexual offences and abnormalities, the economic position of women, the economic position of the family, — in all these matters the existing state of the Law and of orthodoxy is still mediæval — altogether out of touch with civilised opinion and civilised practice and with what individuals, educated and uneducated alike, say to one another in private. Let no one deceive himself with the idea that the change of opinion on these matters is one which only affects a small educated class on the crust of the human boiling. Let no one suppose that it is the working women who are going to be shocked by ideas of Birth Control or of Divorce Reform. For them these things suggest new liberty, emancipation from the most intolerable of tyrannies. A party which would discuss these things openly and wisely at its meetings would discover a new and living interest in the electorate — because politics would be dealing once more with the matters about which every one wants to know and which deeply affect every one's own life.

These questions also interlock with economic issues which cannot be evaded. Birth Control touches on one side the liberties of women, and on the other side the duty of the State to concern itself with the size of the population just as much as with the size of the army or the amount of the Budget. The position of wage-earning women and the project of the Family Wage affect not only the status of women, the first in the performance of paid work, and the second in the performance of unpaid work, but also raise the whole question whether wages should be fixed by the forces of supply and demand in accordance with the orthodox theories of *laissez-faire*, or whether we should begin to limit the freedom of those forces by reference to what is "fair" and "reasonable" having regard to all circumstances.

There was much newspaper comment on this bold sally. Once again I was a member of the audience and once again I had the feeling that my neighbours did not think that he was giving them, in this part of his discourse, an important plank for the Liberal Party platform. Twenty-five years have passed since this oration, and much of what he said, which, it must be confessed, shocked some of those present, has passed into our common way of thinking.¹ In this field too he was a prophet of things to come,

¹ Compare in this connection the tone and temper of the Report of the Royal Commission on Population (1949).

but the Liberal Party managers may have been wise in their generation in feeling that this line of thought was not well suited to retrieve the failing fortunes of the party.

6

The great production of the *Sleeping Princess* (1921) had overstrained Diaghilev's finances, and for a time he was unable to carry on. His company was in temporary dissolution. In 1922 Massine collected certain members of it, including Lopokova, and organised some productions at Covent Garden and later at the Coliseum. In the latter case the repertory included *The Masquerade*, by Vera Bowen, a great friend of Lydia. In 1924 elements of ballet with Lopokova were introduced into a revue called *You'd be Surprised* at Covent Garden; a little later she appeared again at the Coliseum. She also appeared in Paris in the *Soirees de Paris*, organised by Comte Étienne de Beaumont, and Keynes got over to see some performances. Only towards the end of 1924 did Diaghilev reappear in London, but Lopokova was not of the company on that occasion.

Meanwhile she was becoming a familiar figure in Bloomsbury. This was a strange new element in the circle of friends. They were delighted by the charming simplicity of her character, her gaiety, her jokes and sallies. Her struggles with English were the source of much fun in the early days. Her remark is remembered, "I dislike being in the country in August, because my legs get so bitten by barristers".

All were struck by her complete lack of vanity. There was no trace of the airs of the great ballerina. She took part in charades and similar amusements at 46 Gordon Square; she did not disdain to perform a *pas de deux* with Duncan Grant, until he missed his footing and went spinning to the ground, and all was dissolved in helpless laughter.

Some time during these years the great decision was taken; legal matters had to be settled up.

Meanwhile there were whispers and rumours and some uneasiness in Cambridge among the older generation. It was known that Keynes had strange artistic friends, but was not this going rather far? Perhaps some of the senior members at this time had culled most of their knowledge of the ways of London from their excursions there in the 1890's. "Chorus girls" in those

days were not considered highly eligible for matrimony. Did the prefix Russian make it any better? Or did it perhaps make it worse? They had not Sir Osbert Sitwell in their midst to explain to them about the highest achievement of twentieth-century art; if they had, they would probably not have believed him. There was distinct uncasiness. Keynes might be a great man, but Cambridge had its standards.

Signor Nitti, a Liberal statesman of Italy, and a former Prime Minister, was due to speak at the Liberal Summer School of 1925. Keynes issued a formal invitation to various pundits of the University to a luncheon in the Combination Room of King's College "to meet Signor Nitti". This was the ostensible purpose of the luncheon; the real purpose was to meet Lydia Lopokova. The old fogies might belong to the backwoods, but they were gentlepeople, highly trained in the art of discernment in such matters, and in two minutes they realised that Lydia was something totally different from what they had feared. All was well; Cambridge would be no problem; Lydia was accepted, and in due course won the hearts of the seniors in the University. Some years later I was seated next to Mrs. Alfred Marshall at a luncheon, and our talk turned to Keynes' marriage. "The best thing that Maynard ever did", remarked that venerable lady.

The marriage took place on 4th August 1925 at the Saint Pancras Central Registry Office in the presence of Dr. and Mrs. Keynes, Mrs. A. V. Hill (his sister), Mr. Duncan Grant and Mrs. Harold Bowen. The married couple went off to Russia to meet Lydia's relations. Keynes wrote three delightful articles on Russia for the *Nation*. He was impressed by the "religious" quality of the Communist experiment,¹ but found nothing of economic interest. The articles were published by the Hogarth Press under the title of *A Short View of Russia*.

To the majority of people this marriage appeared to be a crowning episode in Keynes' Bloomsbury life — and for a short

¹ "Now that the deeds are done and there is no going back, I should like to give Russia her chance; to help and not to hinder. For how much rather, even after allowing for everything, if I were a Russian, would I contribute my quota of activity to Soviet Russia than to Tsarist Russia! I could not subscribe to the new official faith any more than to the old. I should detest the actions of the new tyrants not less than those of the old. But I should feel that my eyes were turned towards, and no longer away from, the possibilities of things; that out of the cruelty and stupidity of Old Russia nothing could ever emerge, but that beneath the cruelty and stupidity of the New Russia some speck of the ideal may lie hid" (p. 28).

time he may have thought that it would be. But it was not so in fact; indeed it was to prove to have been a turning away from Bloomsbury. At a deeper level Keynes probably knew this. The biographer must pause at the threshold and not seek to pry among the inner eddies of his subject's emotions. The secrets of the heart must remain secret. None the less there were certain salient facts in this connection which the reader should know for a proper understanding; a certain pattern may be detected and an interpretation ventured.

In his young days Keynes' contacts with the Lytton Strachey circle, and above all with Lytton Strachey himself, were a source of joy and exhilaration. The revolt, the adventure with ideas, the unknown territories to be explored, the finer shades of feeling, the wit and the endless drolleries fired his imagination and stimulated his thinking. Then came the broadening out into the wider Bloomsbury circle, in which miraculously the old atmosphere was preserved. As individuals many of the Bloomsbury friends were creative artists in the fullest sense. As a social group they were essentially critical and gently mocking, not only *vis-à-vis* the outer world, but *vis-à-vis* one another. They kept some watch on Keynes, delighted with his sallies against the great and pompous, heart and soul with him in his pleas for justice, but ready to be doubtful when he consorted too much with Prime Ministers, fearful lest he be tainted by the vulgarities that are apt to be associated with public renown. His relation with the friends was one of personal affection; the intellectual community of interest was primarily in the world of letters and philosophy. While he interested himself in their opinions in the field of the visual arts and was eager to be in the vanguard of their movement, it remains doubtful if his inner soul drew much sustenance from visual beauties.

He too, in his main life's work so far, was a critic, conducting his merciless onslaught on politicians and bankers. Agile and ever active, darting now here, now there, his rapier flashing, he inspired terror in a multitude of foes. His friends sharpened their wits against society in their drawing-rooms; he did so in a wider arena, while they cheered him on. There was a certain restlessness in his life. It is true that he focused his thoughts on a few fundamental themes, Reparations and the restoration of Europe, Deflation, the Gold Standard, a programme for the Liberal Party; but his mode of life with his journalistic enter-

prises, his finance, his frequent excursions into the new fields of political and economic controversy, was a little flurried. In London he was at the centre of an intellectual movement; his friends were fulfilling themselves, realising their capacities and achieving some renown individually and as a group; the atmosphere was exciting. In Cambridge his feelings might be steadied by the quiet rhythm of University life, but there too there was the ferment of youth, and his zeal in the quest for true spirits in each generation did not flag.

In the ten years to come the basic pattern was to be different. 'They were to be years, not primarily of criticism, but of creation. He was profoundly discontented with the current explanations of trade depression, he was confident that his fellow-economists had not thought matters through, and he set out upon the task, not knowing at first how great it was to prove, of clarifying the issues. In the event he was to create an apparatus of thought for analysing our economy which was to be found useful by economists the world over. No light task! His apparatus has the appearance of beautiful simplicity, it seems the merest common sense, but the task of devising it was not so simple. What Adam Smith wrote in the *Wealth of Nations* seemed to be but common sense; but the world had had to wait for many generations before its economic affairs were sorted out and described by Adam Smith in a way which seemed so clear and obvious after it had been achieved. Keynes could not completely doff the rôle of critic; he had to give vent to barbed utterances — some thought needlessly — against the older school of economists. That, however, was not his main work. For his constructive task, cool, steady, continuous effort was needed. The seed of thought had to germinate and grow. During such an endeavour the basic tempo of the soul is different. By some mysterious process the thought gathers, forms itself, defines itself. It must be protected from too much dialectic and debate. Mr. D. H. Robertson's subtle criticisms, which in the early days proved very stimulating to Keynes, seemed to become in the end an impediment to the final fruition of his ideas. All these fine points have their time and place. One is on the track of a great idea; one has almost seized it, but not quite; then it bursts upon one; but no, one is not at the goal yet; for is not this idea but one aspect of a still wider generalisation not yet grasped? Creation is a subtle and precarious activity. The creator must be protected for the time from

overmuch criticism, else the impulse will die. While he never lost his delight in the erosive and mocking comment on life of his Bloomsbury friends, it may be that he would not have prospered so well had their dialectic been the main background to his work.

The curve of the dancer's leap through the air, the tracing and interweaving of lines by motions perfectly designed, the pose of the figure come to rest, every inch of it controlled and carrying its meaning, these beauties of the ballet are not achieved without years of hard labour and experience, yet, when achieved, they are direct and unimpeded expression of emotion, an outflow of the soul into an appropriate form. There is a spontaneity, a joy of life, an assertion. We are far removed from the world of dialectic and debate, of criticism and second thoughts. The achievement is perfect — or perhaps it is not perfect — but it cannot be amended. "Now, Lydia, if you would drop your arms a little more, that would express the feeling when love is on the one hand somewhat . . ." All this is of no use. Lydia's droop of arms will express the finest possible shade, but it cannot be corrected in detail by discussion and analysis. This art achieves its purpose by a direct method; there may be trial and error; but each new trial is a new beginning and is not guided by reasoning on its path.

The emotion to be expressed is defined by the ballet itself; it must, in general, be a universal emotion, not idiosyncratic. But Lydia had a strongly individual character, to which, despite the rules, she gave vent, thus imparting an element of character-acting. This was not in the strict classical tradition, yet was so clearly inspired by the highest genius that it was allowed; the Diaghilev Ballet was great enough to assimilate it and was enhanced by it. And so the public saw this unique personality expressing something new and strange, something piquant and fascinating; those severe and hardly won techniques which the ballet taught were subjected to her individual creative impulse.

She was like that in private life also. The direct expression of feeling, the spontaneity, the inventiveness, the gaiety, the queer, unusual ideas, all flowed into her speech. Her aphorisms or comments, amusing, wise, or perhaps sheerly fantastic, were her offerings to the good cheer of the company. To Keynes they were meat and drink; his amusement and appreciation never flagged. Like the others, he was an aristocrat in his tastes, caring only for

the best; subject to that, he was catholic. Was Bloomsbury becoming a little stereotyped? He at least delighted in novelty and freshness. His imagination was always ready to be stirred, even by the most absurd fancy.

Lydia's method was not really compatible with what were now the fixed habits of Bloomsbury. She might make a sally. "Oh, Lydia, how fascinating; now do you suppose that . . ." Here clearly was material for a delightful dissection, gentle mockery being piled on top of mockery, all in the greatest good humour; this should elicit some new defensive dictum, to be thrown into the cauldron and added to the excellent dish that was being cooked up, the final elucidation of all the fantastic consequences of her line of thought, the *reductio ad absurdum* achieved with great merriment. But Lydia had not the appetite for all this. She tripped on to another quite different comment, and another, and then, perhaps, relapsed into placidity, silently pursuing her own thread. This was frustrating to Bloomsbury; they felt cheated of their repast; it seemed that she must either spoil their flow of reason or be left out of it.

The flow did not appeal to her. The mordant irony of Virginia Woolf, her mocking comment, her remorselessness in defining exactly how things were, weighed on Lydia's spirits. She found these highbrows woefully depressing as a group.

Keynes had already had his little problems with his different "worlds", but indeed the gulf between the Asquiths and Bloomsbury, or between the economists and Bloomsbury, or, for that matter, between Lydia and either, was far less wide than that between Lydia and Bloomsbury. The oil and water would not mix, and not all Keynes' alchemy could make them. Their temperament and attitude to life were utterly disparate.

This did not involve any breach. Many of the Bloomsbury friends were very fond of Lydia; they continued to be good friends, and were constantly in and out of the house. But for Keynes they had now become a delightful recreation, instead of being the main background of his life. It was a very great change in his mental environment, the greatest that had occurred since he left Eton for Cambridge. It may be surmised that, apart from the obvious blessings which flow from having a wife whom one loves, the change was an advantage to him in the kind of work he had now to do, first the great creative work of the mind, and then his public work, in which it was expedient that he should

be mellow and comprehending, rather than critical and sceptical. For twenty years he had learnt all the tricks and twists and turns of the critical spirit. His education in that field was complete. What he now needed, when he rested from his tasks, was that repose which could be given by someone whose nature was fundamentally simple, affirmative, hopeful. All those who saw these two together in the years that followed will bear witness that his choice was triumphantly vindicated.